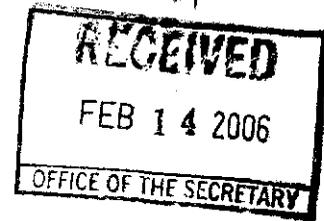




February 13, 2006

Jonathan G. Katz, Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-9303



Re: Internet Availability of Proxy Materials, File No. S7-10-05

Dear Mr. Katz:

AARP appreciates this opportunity to comment on the U.S. Securities and Exchange Commission's (SEC, or the Commission) proposed amendments to the proxy rules under the Securities Exchange Act of 1934. We begin our comments by commending the Commission for its efforts to reach out to individual investors for their experience, assessments and recommendations. The Commission's proposed rule-making provides for an alternative method for issuers and other persons (i.e., dissenters) to furnish proxy materials to shareholders by posting them on an Internet website, and providing shareholders with notice of the availability of the proxy materials by email (referred to as the "notice and access model").¹ Our primary concern with the proposal -- as currently constructed -- is that it will produce unanticipated and adverse effects on individual shareholder participation rates -- especially among investors who are at or near retirement age. In particular, this proposal would require the investor who wishes to continue receiving their proxy materials in hardcopy to affirmatively and annually opt-in to continue receiving regular mail delivery of proxy materials. The default option under the proposal will be the "notice and access" proxy delivery model.²

The objectives being advanced are laudable: To take advantage of the Internet to "facilitate effective [raising informed proxy participation rates among individual investors] and cost-efficient communications [lowering the costs of proxy solicitations] between issuers, shareholders and intermediaries."³ The research reported on below is in direct response to the Commission's December, 2005, open session request for information about the potential

¹ This "notice and access" model would satisfy the existing Securities Exchange Act rule [14a-3] that every investor receives the materials in the regular mail.

² A requested hardcopy would remain free to the shareholder. The release indicates that the proposal would not affect the availability of any existing method of furnishing proxy materials.

³ A key issue raised in the proposal's release is whether, "as identified by market participants, that a significant portion of the difficulties that issuers have encountered in implementing our existing guidance to date has stemmed from shareholders' inattention to requests for consent to electronic delivery rather than an unwillingness to receive documents electronically." See the Federal Register, December 15, 2005, p. 74599.



impact of the proposed rule on individual shareholders. To collect this data, AARP contracted with Woelfel Research, Inc., to conduct a telephone survey of shareholders' perspectives regarding the proposal's likely effects.⁴ All telephone interviews were completed between January 13th and January 29th, 2006, using random-digit dialing (RDD) procedures to select a nationally representative sample of individual investors ages 25 and older who reported that they owned stock in at least one company, or a mutual fund including stock – but excluded those potential respondents whose investment(s) are solely in an employer-sponsored 401(k) or 403(b) plan.⁵

INITIAL FINDINGS⁶

This survey was conducted to examine and assess the attitudes and opinions of individual investors toward the proposed changes by the Commission in the communications between corporations and mutual funds and their investors. The survey results reported below are initial (topline) findings only. A more detailed analysis and report will be forthcoming.⁷

The survey focused on the individual investor's:

- Past experience with the Internet and with existing proxy materials and processes,
- Assessment and preferences regarding alternative methods for receiving proxy

⁴ A total of 1,493 qualified individuals responded to this survey. Respondents were ages 25 and older. Similar numbers of males (47%) and females (54%) participated in this survey. The majority of the respondents were white (88%), four percent were African American, and the remaining respondents (9%) reported that they were Asian American, Pacific Islander, Native American, another race, or refused to identify their race. Respondents were fairly evenly distributed across the education spectrum, with nearly two out of ten respondents (19%) reporting some high school or a high school diploma, approximately a quarter (28%) reporting some college or a 2-year college degree, 25% reporting a 4-year college degree, and another 25% reporting some post graduate work or a post graduate degree.

Approximately thirteen percent (12.9%) reported incomes of less than \$35,000, 32.9% reported an income ranging from \$35,000 to \$75,000, 13.9% indicated an income of just under \$75,000 to \$100,000 or more, 18.2% reported an income of \$100,000 plus, and 22.2 % refused to respond (20.6%) or indicated don't know (1.6%). Frequently in telephone surveys respondents are reluctant to provide information regarding their income (e.g., the 22.2% noted above). However, the number of years of education is strongly correlated with income, and so we use it as a surrogate in subsequent analysis. Among respondents who reported having mutual fund investments, the median number of mutual funds other than 401(k) and 403(b) accounts invested in where 3 funds. Among those who reported holding stocks outside of mutual funds, the median number of companies in which respondents reported holding stock was 4 companies.

⁵ The focus of this study was on two major investment options as they are available to the general public, excluding those conditioned by an employment requirement and regulated under provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

⁶ The findings summarized below are abstracted from a full report on the data being prepared by S. Kathi Brown and Elizabeth Willis of AARP's Knowledge Management Department.

⁷ However, a fully annotated copy of the questionnaire used in this study is attached as an appendix to this comment letter.

- materials and submitting proxy ballots; and
- Perceptions regarding the influence or effectiveness of the proposed rule on a shareholder's likelihood to participate in the proxy process.

Internet Access For Personal Use

More than eight of ten respondents (84%) indicated that they have access to the Internet for personal use at home, work, and/or another location; while sixteen percent of respondents do not have access to the Internet for personal use. Nearly eight out of ten respondents (77%) reported having access in their homes, and nearly half of the respondents (48%) reported having access for personal use at work. Nearly two thirds of respondents (64%) who have Internet access at home reported that this access is through a high-speed connection such as cable, broadband or DSL. Approximately one third of respondents (35%) reported having a dial-up connection.

Differences by Age

A respondent's likelihood to have Internet access for personal use significantly decreased with age. For example, although only 4% of respondents ages 25-49 reported having no Internet access for personal use, 15% of respondents ages 50-69 reported no such access as did nearly half of respondents ages 70+ (47%).

Level of Experience with the Internet

Of respondents with access to the Internet for personal use, more than nine in ten (92%) report that they use the Internet for emailing and 95 percent report that they use it for purposes other than emailing. Respondents who use the Internet for purposes other than emails were further asked how long they had been using the Internet for purposes other than email and how they would rate their experience as an Internet user. A quarter of these respondents (25%) reported having used the Internet for one to four years, and nearly three quarters (72%) reported having used the Internet for five years or more. The vast majority of respondents (80%) who use the Internet for purposes other than email consider themselves to be either a moderately experienced or very experienced user, and eight percent consider themselves to be an expert.

Differences by Age

Respondents ages 50 and over were significantly more likely than younger individuals to view themselves as a beginner. For example, while only 8% of respondents ages 25-49 classified themselves as a beginner, 14% of those ages 50-69 felt this way as did approximately one quarter of respondents ages 70+ (26%).

Recall Receiving Information about Stocks and Mutual Funds

Over three quarters of respondents (77%) reported that they receive information on a regular basis about the performance of their stocks and mutual funds. When asked whether they receive this information through regular mail, email or another method, more than eight in ten respondents (86%) reported receiving this information through regular mail.

Slightly over a quarter of respondents (27%) reported receiving this information through email.

Recall Receiving Annual Meeting Notification

Approximately eight out of ten respondents (83%) did recall receiving the annual meeting information. A much smaller percentage (16%) did not recall ever receiving this information. When asked whether they had received this information through regular mail or email, virtually all respondents who recalled receiving this information (98%) reported receiving the information through regular mail, and one out of ten (10%) reported receiving this information through email.

Recall Submitting Proxies Within Past Two Years

Of those who reported receiving annual meeting notification, three of five respondents (61%) reported that they had responded by submitting their proxy within the past two years. The majority of respondents (89%) that submitted proxies reported that they had sent in their proxy through regular mail. Smaller percentages of respondents reported sending in their proxy by email (12%) or by submitting it to a website (9%).

Preferred Method for Annual Meeting Notification

All respondents were asked how they would choose to be notified of the annual meeting and of the chance to submit a proxy. Regular mail was the most popular choice, with approximately three in four respondents (76%) indicating that they would like to be notified by regular mail. Approximately one in four respondents (26%) indicated that they would like to be notified by email.

Differences by Age

Respondents ages 50 and over were significantly more likely than younger individuals to choose to be notified by regular mail. For example, while 65% of respondents ages 25-49 chose regular mail, 81% of respondents ages 50-69 chose this method as did 92% of respondents ages 70+.

Respondents were also asked about their level of comfort with four different possible methods by which annual-meeting-related documents could be provided to investors. Paper copies sent through regular mail received the highest comfort ratings, with approximately nine in ten respondents (91%) indicating that they would be very or somewhat comfortable with that method. The lowest comfort ratings went to email-based and website-based methods, with approximately half of respondents expressing comfort with each of these methods.

When asked to choose the ONE method by which they would prefer to receive information about annual meetings, the majority of respondents (64%) indicated a preference for receiving paper copies of the documents sent through regular mail. A much smaller percentage of respondents (14%) indicated that they would prefer an email with a link to a

website at which the documents are posted and a phone number to call if they would like paper copies of the documents. Approximately one in ten respondents selected each of the remaining methods. Specifically, 11% of respondents preferred a short letter sent through regular mail with the address of a website at which the documents are posted and a phone number to call if they would like paper copies of the documents, and nine percent preferred an email that includes attachments with electronic copies of the documents and a phone number to call if they would like paper copies in the mail.

Differences by Age

Respondents ages 50 and over were significantly more likely than younger respondents to indicate a preference for receiving paper copies of the documents sent through regular mail. Specifically, while just under half of respondents ages 25-49 (49%) expressed a preference for this paper-based method, nearly seven in ten respondents ages 50-69 (69%) preferred this method as did more than eight in ten respondents ages 70+ (84%).

Preferred Method for Submitting Proxies

Respondents were asked about their level of comfort with three different methods of sending in their completed proxy. Regular mail received the highest comfort ratings, with approximately nine in ten respondents (91%) indicating that they would be very or somewhat comfortable with that method. Approximately three in five (62%) expressed comfort with submitting their proxy through a secure website, and just over one half (53%) expressed comfort with an email-based method.

Differences by Age

An examination of comfort with these three methods by age reveals that younger respondents (25-49) are significantly more comfortable than respondents ages 50 and over with each of the electronic methods for submitting their proxy. For example, while more than eight in ten respondents ages 25-49 (83%) report that they would be either very or somewhat comfortable submitting their proxy through a secure website, just under six in ten respondents ages 50-69 (59%) and less than three in ten respondents ages 70+ (28%) report that they would be comfortable with this website-based method.

When asked which ONE of the three methods they would prefer for submitting their ballot or proxy, respondents were most likely to select regular mail (60%). This was followed by going to a secure website (27%) and email (10%).

Differences by Age

When asked to select one of the three methods, respondents ages 50 and over were significantly more likely than younger respondents to choose regular mail. For example, although 43% of respondents ages 25-49 chose regular mail, two thirds of respondents ages 50-69 (66%) chose this method as did more than eight in ten respondents ages 70+ (86%).

Impact of Proposed Rule Change

When respondents were asked to indicate how much they felt the proposed change would influence their likelihood to read the annual meeting-related documents, slightly over two in five respondents (44%) indicated that this change would have *no impact* on their likelihood to read the documents yet a very similar number (39%) of respondents indicated they would be *less likely* to read the documents. A small number of respondents (14%) indicated that this change would make them *more likely* to read the documents.

Respondents were then asked to indicate how this change in the rules might influence their likelihood to submit a completed proxy. Nearly half of the respondents (49%) felt that this change would have *no impact* on their likelihood to submit a completed proxy. A third of respondents (33%) felt that this change would make them *less likely* to submit a completed proxy, and a smaller percentage (15%) indicated they would be *more likely* to submit a completed proxy.

Impact of Plain Language

Finally, respondents were asked what influence having proxy materials written in plain language would likely have on them reading the documents and submitting a proxy. Two-thirds (66.0%) of the respondents indicated that they would be more likely to submit a ballot if the materials were written in plain language, 3.9% indicated less likely, 27.8% indicated it would have no impact, and the remainder (2.3%) indicated don't know.

CONCLUSIONS AND RECOMMENDATIONS

We are entering a new era in corporate-investor relations. The growth of the Internet and its positioning as a key channel for reaching shareholders has brought new capabilities for managing investor relations (IR). The proposed rule seeks to facilitate the development and utilization of company websites on the Internet as the place where investors should go to obtain proxy materials and to vote their proxies.

Clearly there are cost efficiencies to be found when companies can communicate electronically with shareholders – individual as well as institutional – in terms of IR telephone and mail expenses. For companies operating in a competitive capital market there are legitimate reasons to encourage investors to communicate with them in this manner.

However, we believe that a number of findings from our survey of individual investors suggest a closer examination of the likely effects of the proposed rule would be beneficial. Our examination leads us to recommend a couple of modest modifications be made before the rule's final promulgation. For example, over four-out-of-five respondents (84%) report that they have access to the Internet for personal use at home, work or somewhere else (with nearly two-thirds of those with an Internet connection at home [64%] indicating that they have a high-speed connection), and nearly three-quarters (72%) of those who use the Internet for purposes other than email reporting having used the Internet for five years or more. Nevertheless, approximately three quarters of the total sample respondents (76%) indicate that they would like to be notified of annual meetings by regular mail.

When asked about their level of comfort with four possible methods by which annual

meeting-related documents could be provided, paper copies sent through the regular mail were overwhelmingly preferred, with just over nine-in-ten respondents (91%) indicated that they would be very or somewhat comfortable with paper copies sent through the mail. In contrast, just over one-half (54.1%) report having a similar level of comfort with an option that is essentially the "notification and access" model. When respondents were asked about their comfort levels regarding how they preferred to cast their ballots, again just over nine-in-ten (91%) respondents indicate being very or somewhat comfortable with paper copies sent through the regular mail sending in their proxies via the regular mail; while just over three-fifths (62%) indicate a similar comfort level with submitting their proxies to a secure website.

When responses to each of these questions were examined based on the person's age (25-49, 50-69 and 70+), we found that :

- A respondent's likelihood to have access to the Internet for personal use significantly decreased with age,
- Respondents ages 50 and over were significantly more likely than younger individuals to view themselves as an Internet beginner,
- Respondents ages 50 and over were significantly more likely than younger individuals to choose to be notified of annual meetings by regular mail,
- Respondents ages 50 and over were significantly more likely than younger individuals to indicate a preference for receiving paper copies of the annual meeting documents sent through the regular mail, and
- Younger respondents (aged 25-49) are significantly more comfortable than respondents ages 50 and over with each of the electronic (website and email) methods for submitting their proxy.

We draw three basic conclusions from this initial examination of the AARP-sponsored survey data:

- To the extent that companies and mutual funds find the "notification and access" model available and appealing, and adopt it for delivery of proxy materials, there is likely to be a significant increase in the burden of electronic record-keeping (website and email) for individual investors – regardless of the size of each investment. Our sample of individual investors finds that, among investors holding individual stocks, the median number of companies in which individual stocks are held is four; and the median number of mutual funds invested in by investors with mutual funds is three.
- The notion that the difficulties that issuers have encountered in implementing SEC guidance to date is not due to shareholders' "inattention" to requests for consent to electronic delivery. Rather, our data suggest that the difficulties stem from a basic "discomfort" by a significant proportion of the individual investor community with the implications of adopting a totally electronic arrangement for taking delivery of their proxy materials and the submission of their proxies. Our data suggest that this discomfort is especially the case for individual investors who are now in or near retirement age (50 and over).
- Finally, our data suggest that there is a growing base of experienced Internet users

that with some coaching by companies and mutual funds can be turned into adopters voluntarily. However, we believe it would be very unwise to require those in or near retirement age to be required to annually reaffirm their preference for regular mail delivery of their proxy materials and submission of completed proxies. We do believe that this discomfort, coupled with the default provision, will decrease and not increase individual proxy participation rates among these individual investors – that is, inadvertently disenfranchising rather than stimulating interest and participation. This objective might be better served through an effective implementation of a plain language requirement in the proposed rule.

We believe that the default option should continue to be – at least for the over 50 investor – regular mail delivery of proxy materials. To facilitate the opportunity for more informed decision-making by individual investors we urge the Commission to amend the proposed rule to require that the proxy statements be delivered at the same time as the proxy ballot or card – and also in the same form. We respectfully recommend that the Commission consider making these modest changes in the proposed rule.

If you have any questions regarding our survey and/or about our views the rule-making, please do not hesitate to contact Roy Green of our Federal Affairs staff at (202) 434-3800.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "David Certner".

David Certner
Director
Federal Affairs

**AARP Online Proxy Survey
Annotated Questionnaire (February 10, 2006)**

Screener

Introduction: Hello, I'm _____ calling on behalf of Woelfel Research. We are conducting a survey about people's opinions on financial issues. We are not telemarketers and are not trying to sell you anything. Your views are important and we would greatly appreciate your participation. All of your responses are kept entirely confidential.

Note: All counts shown below represent the number of respondents who were determined to be eligible for the survey based on their responses to the screening questions (S1, S2, S3, and S4). The individuals who were terminated during the screening questions are not included in the counts shown below.

S1. Are you 25 years of age or older?

1. Yes [CONTINUE]
2. No [THANK AND TERMINATE]

S2. Who would you say is the main decision maker in your household when it comes to making decisions about your household's savings and investments? Is it . . . [READ & SELECT ONE]?

N=1493			
52.7%	1.	You	[CONTINUE]
47.3%	2.	You and someone else share equal responsibility	[CONTINUE]
0%	3.	Someone else	[THANK & TERMINATE]
0%	4.	[DO NOT READ] Don't know	[THANK & TERMINATE]

S3. Do you currently own any stocks, either in mutual funds or as individual company stocks or in another type of investment account such as a 401K, 403b, or IRA?

100%	1.	Yes [CONTINUE]
0%	2.	No [THANK & TERMINATE]
0%	3.	Don't know [THANK & TERMINATE]

S4. Is any of the stock owned by you ... [READ & SELECT ALL THAT APPLY]

N=1493		
55.3%	1.	In a 401K or 403B account? [TERMINATE IF ONLY 'YES' TO THIS]
71.3%	2.	In an IRA or individual retirement account?
35.6%	3.	In another type of pension fund?
34.2%	4.	In a non-retirement mutual fund?
41.1%	5.	Held as individual stocks, not part of a mutual fund or retirement account?

8.5%	6.	In any other type of investment account [IF YES ASK: What other type of account? _____ TERMINATE IF THEY SAY "MONEY MARKET," "BONDS," OR SOMETHING THAT PROBABLY DOES NOT CONTAIN STOCKS AND HAVE NOT MENTIONED OTHER ACCOUNTS IN CODES 2 -5]
.6%	7.	[DO NOT READ] Don't know/Refused [THANK & TERMINATE]

TERMINATE IF ONLY 401(K) OF 403(B) PLAN (CODE 1).

Main Questionnaire

[ASK Q1A OF ALL WHO SELECTED 401(k) or 403 (b) IN S4 (CODE 1)].

Median 3.0 N=442*	1a Excluding your 401(k) or 403(b) accounts, in how many mutual funds do you currently own stocks outside of your 401(k) or 403(b) accounts? _____ [RECORD 1 NUMBER: RANGE 0 - 1,000,000,000 ASK FOR RESPONDENT'S BEST GUESS IF HE/SHE DOESN'T KNOW EXACT NUMBER IF RESPONDENT ASKS: include mutual fund accounts in only respondent's name as well as mutual fund accounts jointly owned by respondent and another person/s
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*N excludes 183 "don't know" responses and 197 "0" responses.

[RESPONDENTS ASKED 1A, SKIP TO NOTE BEFORE Q2]

[ASK Q1B OF ALL WHO DID NOT SELECT 401(K) OR 403(B) IN S4 EXCEPT DO NOT ASK THOSE WHO ONLY SAID "YES" TO "HELD AS INDIVIDUAL STOCKS" (CODE 5) IN S4:]

Median 3.0 N=337*	1b. In how many mutual funds do you currently own stocks? _____ [(RECORD 1 NUMBER: RANGE 0 - 1,000,000,000. ASK FOR RESPONDENT'S BEST GUESS IF HE/SHE DOESN'T KNOW EXACT NUMBER. IF RESPONDENT ASKS: include mutual fund accounts in only respondent's name as well as mutual fund accounts jointly owned by respondent and another person/s.)
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*N excludes 173 "don't know" responses and 67 "0" responses.

[ASK Q2 OF RESPONDENTS WHO SAID "YES" TO "HELD AS INDIVIDUAL STOCKS" (CODE 5) IN S4]

Median 4.0 N=479*	2. Now, excluding your mutual fund investments, in how many different companies do you currently own shares of stock? (Only include companies that you own stocks in outside of mutual funds.) _____ [RECORD 1 NUMBER: RANGE 0 - 1,000,000,000. ASK FOR RESPONDENT'S BEST GUESS IF HE/SHE DOESN'T KNOW EXACT NUMBER. IF RESPONDENT ASKS: Include company stocks in only respondent's name as well as company stocks jointly owned by respondent and another person/s.]
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*N excludes 99 "don't know" responses and 34 "0" responses.

3. **[ASK ALL:]** When you decide to make adjustments or changes to your stock investments, such as buying or selling stocks or adding or removing money from your mutual fund investments, do you make these changes yourself or does someone else, such as a broker, make the changes on your behalf? **[ALLOW MULTIPLE RESPONSES.]**

N=1493		
49.7%	1.	You make the changes yourself
50.6%	2.	You deal with a broker to make the changes
4.7%	3.	Other [RECORD VERBATIM] _____
1.9%	4.	Don't know/Refused

4. Do you have access to the Internet for personal use . . . **[READ & SELECT ALL THAT APPLY]**

N=1493		
77.2%	1.	1. At home?
47.6%	2.	2. At work?
5.7%	3.	3. Other place? [SPECIFY] _____
16.1%	4.	4. No access to the Internet [IF CHECK THIS, CAN'T CHECK ANY OTHERS; SKIP TO Q14]

[ASK Q5 & Q6 IF ACCESS AT HOME (CODE 1) IN Q4. OTHERWISE SKIP TO NOTE BEFORE Q7]

5. Is your Internet connection at home . . . **[READ & SELECT ONE]**

N=1153		
34.5%	1.	Dial up connection
63.5%	2.	High-speed connection such as cable, broadband, or DSL
0.8%	3.	Other [SPECIFY] _____
1.2%	4.	[DO NOT READ] Don't know/Refused

6. When you're at home, do any of the following issues ever limit your ability to access the Internet for personal use? **[IF ANSWER IS 'YES', ASK Q6A IMMEDIATELY FOLLOWING EACH ITEM]**
[READ & ROTATE ITEMS]

N=1153		
47.9%		Any Problem (NET)
32.4%	1.	Technical problems, such as problems with your computer, software, or Internet connection
20.7%	2.	Need to share a computer with other people
9.5%	3.	Costs or fees associated with using the Internet

6a. [ASK FOR EACH 'YES' IN Q6] Would that be... [READ & SELECT ONE]

Technical Problem	Need to Share	Costs or fees	
N=374	N=239	N=110	
5.9%	31.8%	56.4%	Most of the time
46.5%	46.4%	27.3%	Sometimes, or
47.3%	21.3%	12.7%	Rarely?
0.3%	0.4%	3.6%	[Don't know/Refused

[ASK Q7 IF ACCESS AT WORK (CODE 2) IN Q4. OTHERWISE SKIP TO NOTE BEFORE Q8]

7. When you're at work, do any of the following issues ever limit your ability to access the Internet for personal use? **[IF ANSWER IS 'YES', ASK Q7A IMMEDIATELY FOLLOWING EACH ITEM] [READ & ROTATE ITEMS]**

N=710		
60.8%		Any Problem (NET)
23.7%	1.	Technical problems, such as problems with your computer, software, or Internet connection
14.8%	2.	Need to share a computer with other people
2.8%	3.	Costs or fees associated with using the Internet
44.4%	4.	Rules that limit your use of the Internet for personal use at work

7a. **[ASK FOR EACH 'YES' IN Q7] Would that be... [READ & SELECT ONE]**

Technical Problem	Need to Share	Costs or Fees	Rules that Limit	
N=168	N=105	N=20	N=315	
11.3%	40.0%	45.0%	57.8%	Most of the time
41.7%	42.9%	35.0%	30.5%	Sometimes, or
46.4%	16.2%	15.0%	10.8%	Rarely?
0.6%	1.0%	5.0%	1.0%	Don't know/Refused

[ASK Q8 IF ACCESS AT OTHER PLACE (CODE 3) IN Q4]

8. Thinking about the places other than home or work at which you access the Internet, do any of the following issues ever limit your ability to access the Internet for personal use at those places? **[IF ANSWER IS 'YES', ASK Q8A IMMEDIATELY FOLLOWING EACH ITEM] [READ & ROTATE ITEMS]**

N=85		
54.1%		Any Problem (NET)
27.1%	1.	Technical problems, such as problems with your computer, software, or Internet connection
30.6%	2.	Need to share a computer with other people
14.1%	3.	Costs or fees associated with using the Internet
8.2%	4.	Rules that limit your use of the Internet for personal use at work

8a. **[ASK FOR EACH 'YES' IN Q8] Would that be... [READ & SELECT ONE]**

Technical Problem	Need to Share	Costs or Fees	Rules that Limit	
N=23*	N=26*	N=12*	N=7*	
4.3%	42.3%	41.7%	57.1%	Most of the time
60.9%	30.8%	58.3%	42.9%	Sometimes, or
34.8%	26.9%	0.0%	0.0%	Rarely

* Small base.

9. In which of the following ways, if any, do you use the Internet? **[READ & SELECT ALL THAT APPLY]**

N=1253		
92.0%	1.	To receive and send emails
93.5%	2.	To look for information
70.9%	3.	To make purchases
45.2%	4.	To pay bills using online banking
50.1%	5.	To track the performance of my investments
28.7%	6.	To make transactions related to my investments, such as buying or selling stocks or adding or removing money in my mutual fund investments
1.5%	8/9.	None / Do not use the Internet [IF CHECK THIS, CAN'T CHECK ANY OTHERS]/ Don't Know/Refused

[ASK Q10 IF RECEIVE & SEND EMAILS (CODE 1) IN Q9. OTHERS SKIP TO Q11.]

10. On average, how often do you use the Internet for emailing? **[READ & SELECT ONE]**

N=1153		
67.4%	1.	At least once a day
19.2%	2.	A few times a week, but not every day
6.9%	3.	Once or twice a week
3.0%	4.	A few times a month, but not usually every week
1.7%	5.	Once or twice a month
1.2%	6.	Less than once a month
0.5%	7.	[DO NOT READ] Don't know/Refused

[ASK Q.11 IF ANY USES OTHER THAN EMAILS (CODES 2,3,4,5,OR 6) IN Q9]

11. Within a typical month, how often do you use the Internet for any purposes other than email? **[READ & SELECT ONE]**

N=1193		
54.5%	1.	At least once a day
23.8%	2.	A few times a week, but not every day
9.6%	3.	Once or twice a week
6.5%	4.	A few times a month, but not usually every week
3.4%	5.	Once or twice a month
1.8%	6.	Less than once a month
0.5%	7.	[DO NOT READ] Don't know/Refused

12. About how long have you been using the Internet for purposes other than email?
[READ & SELECT ONE]

N=1193		
2.6%	1.	Less than one year
25.1%	2.	1-4 years
43.8%	3.	5-9 years
27.8%	4.	10 or more years
0.6%	5.	[DO NOT READ] Don't know/Refused

13. How would you rate your level of experience using the Internet for purposes other than email? Are you ... **[READ & SELECT ONE]**

N=1193		
12.2%	1.	A beginner
50.0%	2.	A moderately experienced user
30.0%	3.	A very experienced user
7.6%	4.	An expert
0.2%	5.	[DO NOT READ] Don't know/Refused

[ASK ALL]

14. Do you receive information on a regular basis about the performance of your stocks and mutual funds?

N=1493		
77.0%	1.	Yes
22.6%	2.	No
0.4%	3.	Don't know/Refused

[ASK Q15 IF YES (CODE 1) IN Q14]

15. Do you receive this information through regular mail, email, or another method?
[RECORD ALL THAT APPLY]

N=1149		
85.8%	1.	Regular mail
27.2%	2.	Email
6.4%	3.	Phone
6.7%	4.	Other [SPECIFY] _____
0.9%	5.	Don't know/Refused

[READ TO ALL]

Publicly-traded companies that issue company stocks to shareholders hold annual meetings to elect members of the board of directors and vote on other matters that affect the value of the stock. Mutual fund companies also hold annual meetings to vote on matters related to their mutual funds. Before their annual meetings, these companies and mutual funds send information to their investors to notify them of the upcoming meeting, to provide information about the issues that will be voted on at the meeting, and to give investors a chance to send in their votes on a ballot or proxy.

16. To the best of your knowledge, have you ever received information like this through regular mail or email asking you to vote on matters related to your stocks or mutual funds?

N=1493			
82.7%	1.	Yes	[CONTINUE TO Q17]
16.3%	2.	No	[SKIP TO Q20]
1.1%	3.	Don't know/Refused	[SKIP TO Q20]

17. Did you receive this information through regular mail or through email? (SELECT ALL THAT APPLY.)

N=1234			
98.1%	1.	Regular mail	
9.8%	2.	Email	
0.5%	3.	Other [SPECIFY] _____	
0.5%	4.	Don't know/Refused	

18. Within the past 2 years, have you responded by voting and submitting your ballot or proxy? (SELECT ONE.)

N=1234			
60.5%	1.	Yes	[CONTINUE]
38.3%	2.	No	[SKIP TO Q20]
1.1%	3.	Don't know/Refused	[SKIP TO Q20]

19. Within the past 2 years, in which of the following ways have you sent in your vote or proxy? Have you sent it in by ... [READ & SELECT ALL THAT APPLY.]

N=747			
89.2%	1.	Regular mail	
12.4%	2.	Email	
9.1%	3.	Submitting it on a web site	
2.7%	4.	[DO NOT READ] Don't know	

[ASK ALL:]

20. If you could choose how you were notified of the annual meeting and of the chance to vote, would you choose to be notified by...? **[READ & SELECT ALL THAT APPLY]**

N=1493		
76.4%	1.	Regular mail
26.0%	2.	Email
0.7%	3.	Other [SPECIFY] _____
0.9%	4.	DO NOT READ] Would not want to be notified [ONLY CHECK IF OTHERS AREN'T CHECKED]
3.0 %	5.	DO NOT READ] Don't know

[ASK Q21 IF MORE THAN ONE METHOD SELECTED IN Q20.]

21. Now, if you could choose only ONE way to be notified of the meeting and of the chance to vote, which one would you choose? **[READ ONLY OPTIONS MENTIONED IN Q20]**

N=102		
52.9%	1.	Regular mail
41.2%	2.	Email, OR
2.9%	3.	The other way you specified in my previous question
2.9%		Don't know

[READ TO ALL]

Often the materials that investors receive before the annual meeting include different types of documents that companies and mutual funds are required to provide to their investors. For the rest of this survey, I am going to refer to these documents as "annual-meeting-related documents." These include documents such as an annual report that describes how the company stocks or mutual fund performed over the past year, a document describing the issues that are to be voted on at the annual meeting, and a ballot –or "proxy"–on which investors can fill in and return their votes.

22. Here are four different ways in which these annual-meeting-related documents could be provided to investors. For each, tell me how comfortable you would be receiving the documents in this way. Please tell me if you would be Very Comfortable, Somewhat Comfortable, Not Too Comfortable, or Not At All Comfortable?

[READ & ROTATE ORDER]

N=1493 % Top 2 Box		
91.2%	1.	Paper copies of the documents sent through regular mail
49.0%	2.	An email that includes <u>attachments with electronic copies of the documents</u> and a phone # to call if you would like paper copies in the mail
54.1%	3.	An email with a <u>link to a web site at which the documents are posted</u> , and a phone # to call if you would like paper copies of the documents.
68.8%	4.	A short letter sent through regular mail with <u>the address of a web site at which the documents are posted</u> , and a phone # to call if you would like paper copies of the documents.

23. Of these four methods for receiving these annual-meeting-related documents, which ONE would you prefer? **[REMINDE/REREAD IF NECESSARY. SELECT ONE.]**

N=1493		
63.6%	1.	Paper copies of the documents sent through regular mail
9.4%	2.	An email that includes <u>attachments with electronic copies of the documents</u> and a phone # to call if you would like paper copies in the mail
13.9%	3.	An email with a <u>link to a web site at which the documents are posted</u> , and a phone # to call if you would like paper copies of the documents.
10.8%	4.	A short letter sent through regular mail with <u>the address of a web site at which the documents are posted</u> , and a phone # to call if you would like paper copies of the documents.
2.3%	5.	[DO NOT READ] Don't know [SKIP TO Q25]

24. Why would you prefer that method of receiving these documents? **[DO NOT READ. RECORD ALL THAT APPLY.]**

{OPEN END}

[ASK Q25 IF WOULD NOT PREFER THE WEB SITE METHOD (CODE 3) IN Q23. OTHERS SKIP TO Q26]

25. What, if anything, would make you more likely to choose to go to a web site to read or download the annual-meeting-related documents? [DO NOT READ. ALLOW MULTIPLE RESPONSES.]

{ OPEN END }

26. If you were going to fill out the ballot or proxy with your votes and return it to your mutual fund company or the company that issues your stocks, how comfortable would you be with each of the following methods. Please tell me if you would be Very Comfortable, Somewhat Comfortable, Not Too Comfortable, or Not At All Comfortable.

[READ & ROTATE]

N=1493 % Top 2 Box		
91.4%	1.	Sending your completed ballot or proxy through the regular <u>mail</u>
52.7%	2.	Sending your completed ballot or proxy in an <u>email</u>
62.2%	3.	Going to a secure web site where the ballot or proxy is posted and completing the ballot or proxy online <u>directly on the web site.</u>

27. Of these three methods for submitting your ballot or proxy, which one would you prefer? [REMINDE/REREAD IF NECESSARY. SELECT ONE.]

N=1493		
60.4%	1.	Sending your completed ballot or proxy through the regular <u>mail</u>
9.8%	2.	Sending your completed ballot or proxy in an <u>email</u>
26.6%	3.	Going to a secure web site where the ballot or proxy is posted and completing the ballot or proxy online <u>directly on the web site.</u>
3.2%	4.	[DO NOT READ] Don't know [SKIP TO Q29]

28. Why would you prefer that method of submitting your ballot or proxy? **[DO NOT READ. RECORD ALL THAT APPLY.]**

{OPEN END}

[ASK Q29 IF WOULD NOT PREFER GOING TO A WEB SITE TO COMPLETE BALLOT/PROXY (CODE 3) IN Q27. OTHERS SKIP TO Q30]

29. What, if anything, would make you more likely to choose to go to a web site to complete your ballot/proxy? **[DO NOT READ. ALLOW MULTIPLE RESPONSES.]**

{OPEN END}

30. Would you prefer to send your ballot or proxy to... [READ & ROTATE. SELECT ONE.]

N=1493		
27.6%	1.	The company that issued your stock or mutual fund shares
27.7%	2.	An independent firm that counts the votes from all investors and submits only the final results to the company that issued your stock or mutual fund
41.7%	3.	No preference
2.9%	4.	[DO NOT READ] Don't know

31. Today, mutual funds and companies that issue stocks must automatically send paper copies of their annual-meeting-related documents through regular mail to all investors except investors who choose to receive emails instead. The existing rule that requires companies to automatically send paper copies may change. If this rule changes, companies and mutual funds will only be required to send paper copies to investors who specifically request them. All investors who do not request paper copies will have to go to a web site to see electronic copies of the annual-meeting-related documents if they wish to read the documents and submit a ballot or proxy. At the website, they would also be able to print out paper copies if they wish. If this change occurs, meaning that you would need to go to a website to get electronic copies of these documents unless you specifically request paper copies, how would this influence your likelihood to read the annual-meeting-related documents? Would this make you ... [READ AND SELECT ONE]

N=1493			
14.3%	1.	More likely to read the documents,	[CONTINUE TO Q31A]
38.7%	2.	Less likely to read the documents, or	[SKIP TO Q31B]
44.2%	3.	Have no impact on your likelihood to read them	SKIP TO Q32]
2.8%	4.	[DO NOT READ] Don't know	SKIP TO Q32]

31a. Would that be much more likely or somewhat more likely?

N=213		
54.9%	1.	Much more likely
44.1%	2.	Somewhat more likely
0.9%	3.	[DO NOT READ] Don't know

[RESPONDENTS ASKED Q. 31A, SKIP TO Q32]

31b. Would that be somewhat less likely or much less likely?

N=578		
43.4%	1.	Somewhat less likely
55.4%	2.	Much less likely
1.2%	3.	[DO NOT READ] Don't know

32. And, how would this change in the rules influence your likelihood to submit a ballot or proxy? Would this make you ... **[READ AND SELECT ONE]**

N=1493			
15.1%	1.	More likely to submit a ballot or proxy,	CONTINUE TO Q32A]
33.1%	2.	Less likely to submit a ballot or proxy, or	[SKIP TO Q32B]
48.8%	3.	Have no impact on your likelihood to submit a ballot or proxy	[SKIP TO Q33]
3.0%	4.	[DO NOT READ] Don't know	[SKIP TO Q33]

32a. Would that be much more likely or somewhat more likely?

N=226		
55.3%	1.	Much more likely
44.7%	2.	Somewhat more likely
0.0%	3.	[DO NOT READ] Don't know

[RESPONDENTS ASKED Q. 32A, SKIP TO Q33]

32b. Would that be somewhat less likely or much less likely?

N=494		
41.3%	1.	Somewhat less likely
57.7%	2.	Much less likely
1.0%	3.	[DO NOT READ] Don't know

33. If these annual-meeting-related documents were written in plain language that the ordinary person can understand, how would this influence your likelihood to read these documents and submit a ballot or proxy? Would this make you ... **[READ & SELECT ONE]**

N=1493			
66.0%	1.	More likely to submit a ballot or proxy,	CONTINUE TO Q33A]
3.9%	2.	Less likely to submit a ballot or proxy, or	[SKIP TO Q33B]
27.8%	3.	Have no impact on your likelihood to submit a ballot or proxy	[SKIP TO QD1]
2.3%	4.	[DO NOT READ] Don't know	[SKIP TO QD1]

33a. Would that be much more likely or somewhat more likely?

N=985		
70.3%	1.	Much more likely
29.6%	2.	Somewhat more likely
0.1%	3.	[DO NOT READ] Don't know

[RESPONDENTS ASKED Q. 33A, SKIP TO D1]

33b. Would that be somewhat less likely or much less likely?

N=58		
44.8%	1.	Somewhat less likely
55.2%	2.	Much less likely
0.0%	3.	[DO NOT READ] Don't know

Demographics

D1. [INTERVIEWER: RECORD GENDER]

N=1493		
46.5%	1.	Male
53.5%	2.	Female

D2. In what year were you born? _____

N=1493	
9.0%	25-34
28.5%	35-49
41.5%	50-69
15.0%	70+
5.9%	Refused

D3. Which of the following best describes your marital status? [READ LIST]

N=1493		
9.8%	1.	Single, never married
67.2%	2.	Married
2.2%	3.	Living with partner
1.1%	4.	Separated
8.0%	5.	Divorced
8.8%	6.	Widowed
2.8%	7.	[DO NOT READ] Refused

D4. Which of the following best describes your employment status? Are you currently ...
[READ LIST]

N=1493		
23.1%	1.	Completely retired; not employed and not looking for work
48.3%	2.	Employed on a full-time basis; not self-employed
7.2%	3.	Employed on a part-time basis; not self-employed
8.1%	4.	Self-employed full-time
3.5%	5.	Self-employed part-time
1.3%	6.	Unemployed, but looking for work
3.7%	7.	Homemaker (not retired, not employed and not looking for work)
2.3%	8.	Other (specify) _____
0.1%	9.	[DO NOT READ] Don't know
2.4%	10.	[DO NOT READ] Refused

D5. What is the highest level of education that you have completed? **[READ LIST]**

N=1493		
1.5%	1.	Some high school
17.7%	2.	High school diploma
16.0%	3.	Some college
11.7%	4.	2 year college
25.1%	5.	4 year college
5.4%	6.	Some post graduate work
19.6%	7.	Post graduate work
0.4%	8.	[DO NOT READ] Don't know
2.7%	9.	[DO NOT READ] Refused

D6. Are you of Hispanic or Latino origin?

N=1493		
4.4%	1.	Yes
92.9%	2.	No
0.3%	3.	Don't know
2.5%	4.	Refused

D7. Which of the following best describes your race? **[READ LIST]**

N=1493		
87.6%	1.	White/Caucasian
3.8%	2.	African American
1.0%	3.	Asian or Pacific Islander
1.2%	4.	Native American
2.5%	5.	Other (Specify)
0.3%	6.	[DO NOT READ] Don't know
3.6%	7.	[DO NOT READ] Refused

D8. For statistical purposes only, please stop me when I get to the category that includes your household's total income before taxes last year? **[READ & SELECT ONE]**

N=1493		
1.3%	1.	Less than \$15,000
4.4%	2.	\$15,000 - \$24,999
7.2%	3.	\$25,000 - \$34,999
12.1%	4.	\$35,000 - \$49,999
20.8%	5.	\$50,000 - \$74,999
13.9%	6.	\$75,000 - \$99,999
18.2%	7.	\$100,000 +
1.6%	8.	[DO NOT READ] Don't know
20.6%	9.	[DO NOT READ] Refused

D9. Are you or your spouse a member of AARP (formerly known as the American Association for Retired Persons)?

N=1493		
35.3%	1.	Yes
61.5%	2.	No
0.7%	3.	Don't know
2.5%	4.	Refused

THANK YOU FOR PARTICIPATING! YOUR OPINION COUNTS!