



Business Roundtable

1717 Rhode Island Avenue, NW
Suite 800
Washington, DC 20036-3001

Telephone 202.872.1260
Facsimile 202.466.3509
Website businessroundtable.org

BY EMAIL

February 10, 2006

Nancy Morris
Secretary
U.S. Securities and Exchange Commission
100 F St., NE
Washington, DC 20549-9303

Henry A. McKinnell, Jr.
Pfizer Inc
Chairman

Kenneth I. Chenault
American Express
Company
Co-Chairman

Edward B. Rust, Jr.
State Farm Insurance
Companies
Co-Chairman

John J. Castellani
President

Larry D. Burton
Executive Director

Johanna I. Schneider
Executive Director
External Relations

**Re: *File No. S7-10-05, Release No. 34-52926
Internet Availability of Proxy Materials***

Dear Ms. Morris:

This letter is submitted on behalf of Business Roundtable, an association of chief executive officers of leading corporations with a combined workforce of more than 10 million employees and \$4 trillion in revenues. The chief executives are committed to advocating public policies that foster vigorous economic growth, a dynamic global economy, and a well-trained and productive U.S. workforce essential for future competitiveness. We appreciate the opportunity to provide our views on the Securities and Exchange Commission's proposal for an alternative method for dissemination of proxy materials. While we applaud the Commission's initiative, we believe that it should address the broader issue of shareholder communications, specifically companies' communication with beneficial owners who hold their securities in street or nominee name.

I. The Proposed "Notice and Access" Method

The Roundtable supports the Commission's proposal to take advantage of advances in technology to provide a "notice and access" method for dissemination of proxy materials. It serves the dual objective of lowering costs to our companies and their shareholders and enhancing investor communication. In this regard, while we do not have empirical evidence, it appears that Internet access has become sufficiently widespread as to make this a viable alternative and that affirmative shareholder consent to electronic delivery should not be necessary. We do not believe that it is necessary for the Commission to concern itself with technical requirements, such as issuer bandwidth, software or verification of a shareholder's position, as companies have sufficient incentives, in terms of getting out the vote, to see that shareholders receive proxy materials.

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In moving forward with this proposal, the Commission should see that the potential cost savings inherent in the proposal are in fact achieved. For example, while we recognize the need for shareholders to be able to request paper copies, some of the methods discussed in the release, such as overnight mail, would make the “notice and access” method uneconomic. In this regard, the Commission should consider providing more flexibility in terms of the manner and timeliness in which copies of proxy materials are provided to shareholders. Similarly, there should not be an obligation for a company to provide copies of the proxy materials after the annual meeting has occurred. At that point, the shareholder does not need the proxy card, and the proxy statement and annual report generally are available on EDGAR. It also would not be practicable for companies to maintain a list of shareholders who always want to receive paper copies of proxy materials in view of the changing nature of the shareholder population and a company’s inability to identify its beneficial owners (see discussion below under “Intermediaries”).

The Commission should permit, as it has proposed, that the proxy card, notice and other proxy materials be provided through the same or different media, at the issuer’s election, especially since the systems for assigning and tracking individual shareholder control numbers for voting security across different voting methods are complex. All of the required information will be available to shareholders for them to use in making voting decisions, so there is no need for the Commission to dictate only one method for dissemination. In addition, the Commission should retain, and consider expanding, its existing rules that provide cost savings in the dissemination of proxy materials, such as those relating to householding.

II. The Role of Intermediaries

The Roundtable is concerned with the proposal’s approach to the role of intermediaries in the “notice and access” model. As the Commission’s release acknowledges: “distributing proxy materials to beneficial owners is considerably more complicated than direct delivery ... to recordholders.” However, instead of addressing the underlying cause of this complexity – the current cumbersome and circuitous process of communicating with street and nominee holders – the proposal would further entrench the current system. For example, under the proposal, companies would have to pay intermediaries for forwarding paper copies to beneficial owners when it may be cheaper for them or their agents to do so directly. In addition, many of the difficulties identified by the Commission in the release, such as whether intermediaries would send out their own notices or have to maintain their own websites, would be alleviated under a more streamlined shareholder communication system. Moreover, we are concerned that the undue complexity caused by the role of intermediaries under the proposal will lead to investor confusion and increased costs.

We previously have raised our concerns about the current shareholder communication system in a petition for rulemaking filed with the Commission in April 2004. Despite support from a coalition that includes the National Investor Relations Institute, the Society of Corporate Secretaries & Governance Professionals, the Securities Transfer Association, Inc. and the National Association of Corporate Directors (Attachment A), the Commission has failed to take any action on the petition. We believe that, in connection with this rulemaking project, the Commission should address the underlying issue in our petition – improving communication between companies and their beneficial owners. Limiting the benefits of the “notice and access” method to record holders is not a viable alternative. Given the timing of the Commission's proposal and the timing of the proxy season when most companies distribute their proxy materials, we believe the Commission has time to address these issues. In any event, the Commission and the New York Stock Exchange need to address the fee schedule for reimbursing intermediaries for dissemination of proxy materials prior to adoption of the proposal. Obviously, intermediaries should not collect an incentive fee for proxy materials they deliver electronically when the issuer has selected the “notice and access” method.

III. Solicitations by Persons Other than the Issuer

The Roundtable does not object to the Commission's approach of permitting persons other than the issuer who undertakes their own proxy solicitation to rely on the “notice and access” method. However, in light of the ease of communication and reduced costs under this method, we believe that the Commission should re-examine some of the underlying premises in its rules relating to solicitations by persons other than the issuer. In this regard, such persons have no obligation under current rules to send information to all shareholders as is required of issuers. As the Commission describes in the proposing release, such persons may limit the cost of soliciting proxies by soliciting proxies only from a select group of shareholders – e.g. those with the largest holdings. Given the cost efficiencies and other benefits of the “notice and access” method, the Commission should consider requiring that if a soliciting person other than an issuer seeks to use this method in a proxy solicitation, it should be required to send a notice to all shareholders concerning the availability of the information.

IV. Other Delivery Obligations

The proposal does not permit use of the “notice and access” method in business combination transactions. While we recognize that such transactions may be complex and involve lengthy proxy materials, the same rationale for the proposal—“promoting the use of the Internet as a reliable and cost-efficient means of making proxy materials available to shareholders”—argues in favor of its applicability to business combinations. Similarly, we believe that greater electronic communications should be available to other required

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communications under the securities laws, such as the plan prospectuses and issuer information required to be delivered to participants in certain employee benefit plans.

* * *

Business Roundtable appreciates the opportunity to provide comments on this subject. Please do not hesitate to contact Thomas Lehner at Business Roundtable at (202) 872-1260 if we can provide further information.

Sincerely,



Steve Odland
Chairman and CEO,
Office Depot, Inc.
Chairman
Corporate Governance Task Force
Business Roundtable

cc: Hon. Christopher Cox, Chairman, U.S. Securities and Exchange
Commission
Hon. Paul S. Atkins, Commissioner
Hon. Roel C. Campos, Commissioner
Hon. Cynthia A. Glassman, Commissioner
Hon. Annette L. Nazareth, Commissioner



Business Roundtable



STA
THE
SECURITIES TRANSFER
ASSOCIATION, INC.



SOCIETY OF CORPORATE SECRETARIES
& GOVERNANCE PROFESSIONALS

July 29, 2005

Alan L. Beller, Director
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Annette L. Nazareth, Director
Division of Market Regulation
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: *Coalition Views on Shareholder Communications*
(Re: SEC File Number 4-493)

Dear Ms. Nazareth and Mr. Beller:

It has been well over a year since Business Roundtable filed its Petition for Rulemaking Regarding Shareholder Communications (“Petition”) with the Securities and Exchange Commission (“Commission” or “SEC”). The Petition calls for a thorough re-examination of the SEC rules governing the way in which companies communicate with the beneficial owners of their securities held in street or nominee name. Thus far, the Commission has yet to take action on the Petition. The undersigned represent trade associations with significant interest in the shareholder communications issues raised in the Petition. Accordingly, we have formed a coalition to present our shared views on shareholder communications and encourage expeditious SEC review of the shareholder communications system. Enclosed please find our joint statement on shareholder communications.

Since the Petition was filed, issues concerning shareholder communications have continued to increase in importance. Shareholder activism is growing, and the New York Stock Exchange (“NYSE”) has formed a “Proxy Working Group” to consider eliminating or restricting broker voting under the so-called 10-day rule. It is critical that the Commission’s shareholder communications rules be addressed simultaneously with the NYSE’s efforts. These issues are too interrelated to be dealt with in isolation.

We would appreciate the opportunity to meet with you to further discuss our views on shareholder communications. Please contact Tom Lehner, Public Policy Director, Business Roundtable, at (202) 872-1260.

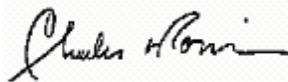
Sincerely,



John J. Castellani
President
Business Roundtable



Louis M. Thompson, Jr.
President & CEO
National Investor Relations Institute



Charles V. Rossi
President
Securities Transfer Association



David W. Smith
President
Society of Corporate Secretaries &
Governance Professionals

Enclosure

cc: Hon. Cynthia A. Glassman, Acting Chairman, U.S. Securities and Exchange Commission
Hon. Paul S. Atkins, Commissioner
Hon. Roel C. Campos, Commissioner
Hon. Harvey J. Goldschmid, Commissioner
Catherine R. Kinney, President & Co-Chief Operating Officer, NYSE



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COALITION VIEWS ON SHAREHOLDER COMMUNICATIONS

- Communications between companies and their shareholders are an essential component of corporate governance.
- With increasing shareholder activism and focus on the proxy voting process, companies need to be able to quickly, efficiently and cost-effectively communicate with all of their shareholders, including beneficial owners of their securities held in “street” or nominee name.
- Most shares are held in “street” or nominee name, to enable securities transactions to be cleared more efficiently. Currently, companies do not have the ability to communicate directly with beneficial owners of these shares, and instead must communicate through a circuitous, cumbersome and expensive system.
- The shareholder communications system should take advantage of technological advances, including electronic mail, that make more efficient means of communicating with beneficial owners possible.
- Companies should have access to contact information for all of their beneficial owners (including Objecting Beneficial Owners, so-called “OBOs”), as well as the ability to determine the distributors of their communications, in order to communicate most effectively.
- Brokers, banks and other intermediaries should not stand in the way of effective communications between companies and the beneficial owners of their securities.
- Currently, all shareholders bear the costs of maintaining the anonymity of “street” name holders who are OBOs. Instead, shareholders desiring to remain anonymous should bear the cost of maintaining their privacy, such as through the establishment of nominee accounts.
- Any improvements to companies’ ability to identify and communicate with their shareholders should be available to shareholders wishing to communicate with other shareholders.
- The Securities and Exchange Commission needs to promptly address necessary changes to the shareholder communications system.