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November 3, 2003

Ex-off 100 Member  
Dale McCormick,  
State Treasurer

Mr. Jonathan G. Katz  
Secretary  
U.S. Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549-0609

Re: File No. S7-19-03 Corporate Board Nomination Reforms - More Is Needed

Dear Mr. Katz:

I am writing in my capacity as Chair of the Board of Trustees of the Maine State Retirement System, which has assets of approximately \$7.2 billion. By public fund standards, our fund is relatively small, but we do own over 3 million shares of Microsoft, over 3 million shares of GE, over 2 million shares of Exxon, and so on. These are meaningful stock holdings.

The proposed SEC corporate board reforms are not adequate. The triggers are too difficult to reach, and the time delays are too long. To reach the triggers, shareholders must get a 35% vote against a director or a 50% vote to activate the access mechanism. This essentially means that a full-blown proxy battle must be waged as a first step.

Alternatively, we suggest that the trigger step be dispensed with, and the SEC move directly to step 2 for all corporations. Under this step, owners of 5% of outstanding shares (more than 500 million shares in the case of Microsoft) would have an opportunity to add at least one director to the nomination slate. This seems reasonable.

If this is not palatable to Corporate America, the following proposal should be instituted: shareholders owning at least 5 percent of the stock for at least two years should be able to submit up to two candidates each year for consideration by the nominating committee, and if the nominating committee rejects these candidates for the Board slate, the company must explain its decision in the annual proxy report. (This is part of the reported settlement in the class action lawsuit between Los Angeles County Employees Retirement Association, "LACERA", among others, and ENTERASYS, and this proposal makes eminently good sense.)

The Maine State Retirement System feels strongly that the proposed SEC nomination policy is insufficient to grant institutional shareholders with reasonable access to the Board nomination process.

Very truly yours,

David S. Wakelin  
Chair, Board of Trustees  
Maine State Retirement System

DSW-sh MSRS Ltr to Katz-11-3-03

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Via U.S. Postal Service