

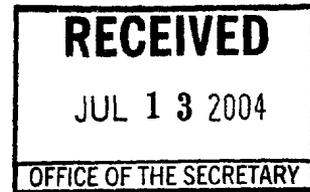


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SECRETARY OF STATE
KEVIN SHELLEY
STATE OF CALIFORNIA

June 21, 2004

S7-19-03



William H. Donaldson
Chairman
U.S. Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549

Dear Chairman Donaldson:

As California's Secretary of State and the Chair of the Assembly Appropriations Committee, we are writing to urge the passage of proposed Securities and Exchange Commission (SEC) Rule 14a-11 for Security Holder Director Nominations.

Shareholder access to corporate proxy statements is an important incentive for improving director performance and accountability to the shareholders who elect them. Indeed, unlocking the doors to corporate boardrooms may allow for greater scrutiny of accounting practices that doomed many businesses in recent years and cost shareholders billions of dollars in hard earned investments. Given the importance of this matter we jointly sponsored a resolution that was overwhelmingly approved by the California Legislature this month. As the enclosed copy of the resolution states, "the Legislature hereby urges the United States Securities and Exchange Commission to implement the proposed shareholder participation rules at the earliest possible date in order to answer the call for badly needed reform, to improve corporate accountability, to restore investor confidence, and to provide shareholders with increased access to proxy to promote greater board oversight of corporate operations and responsiveness to shareholder concerns."

We recognize that the proposed SEC rule faces formidable opposition from the business community and that reform efforts have failed in the past due in large part to such opposition and the public's indifference. Please know that your efforts to implement reasonable corporate election reforms are appreciated by us, the California Legislature, and the millions of Californians we represent.

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Thank you for your consideration of this request. If there is anything we can do to assist you in ensuring the passage of SEC Rule 14a-11 and other reform measures please do not hesitate to call us.

Sincerely,


KEVIN SHELLEY
Secretary of State


JUDY CHU
Assemblywoman, 49th District

Enclosure

cc: Commissioner Cynthia A. Glassman
Commissioner Harvey J. Goldschmid
Commissioner Paul S. Atkins
Commissioner Roel C. Campos