RELATIONAL INVESTORS LLC

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August 14, 2009

VIA E-MAIL

Ms. Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Facilitating Shareholder Director Nominations,
Release Nos. 33-9046; 34-60089; IC-28765;
File No. S7-10-09 (June 10, 2009)

Dear Ms. Murphy,

On behalf of Relational Investors LLC ("Relational"), I am pleased to respond to the proposed amendments to the proxy rules issued by the Securities and Exchange Commission (the "Commission"). Relational is an investment adviser registered under the Investment Advisors Act of 1940, as amended, specializing in strategic investments in a concentrated number of publically traded companies. Today, Relational has approximately $6 billion of assets under management invested in both large-cap and mid-cap companies. As a significant and relatively long-term shareholder, Relational has previously sought and achieved board representation at a number of its portfolio companies. Together, Relational's Principals have served on twenty public company boards, ten of which were portfolio companies, and as Chairman of four, two of which were portfolio companies. In some cases this representation was achieved after Relational availed itself of the current proxy rules permitting a short slate proxy contest.

Relational and its Principals have a long history of supporting proxy access for qualified shareholders.

We previously submitted comments in 2003 supporting limited access to an issuer's proxy materials for qualifying shareholders and, subsequently, I participated in the Roundtable on Proposed Security Holder Director Nominations Rules held at the Commission on March 10, 2004. In my remarks before the Roundtable, I discussed my role in advocating, as chairman of the board of Apria Healthcare Group Inc., the board's adoption of a "shareholder access" policy which was ultimately filed with the Commission on June 11, 2003 as part of Apria's Proxy Statement.

Additionally, in my capacity as the President of the United Shareholders Association I included an equal access proposal in a petition for rulemaking filed with the Commission in 1990.

Poor performance and inadequate risk management often reflects a board of directors and management team that is not accountable to its shareholders.

Our view and experience, as well as the national experience, continues to reinforce the proposition that poor boardroom dynamics can be extremely expensive to stockholders and our economy. Weak boardroom dynamics often reflect a nomination process dominated by incumbents beholden to management and deeply vested in the status quo. The current economic crisis and resulting erosion of investor confidence has once again highlighted the need for shareholders to have a meaningful vote in director elections to foster greater board and management accountability.

For this reason, we support the Commission's proposal mandating shareholder access at all companies subject to the federal proxy rules (excluding issuers of public debt only or foreign private issuers).

The proposed rules should serve as a minimum standard for proxy access.

The rules should not preclude shareholders from proposing and adopting proxy access policies providing greater access or reduced eligibility requirements such as share ownership holding periods or levels, but proposals eliminating or diluting the effect of the Commission's proposed rules should be strictly precluded as against public policy. There is no compelling reason, other than to lessen the benefit of the rule, for the Commission to apply a different approach to this concept than it applies to its other disclosure rules and policies. For example, shareholders cannot vote to eliminate the requirement that a company issue a proxy statement or vote to remove the requirement to include detailed disclosure on executive compensation or the requirement of disclosing incumbent board nominees. In our view the Commission's proposed rules simply extend its disclosure framework to require that under certain circumstances a company must disclose when a shareholder or group of shareholders have nominated director candidates by including these candidates in the proxy with the same dignity as the incumbent nominees.

The Commission should strenuously avoid including a requirement for triggering events.

We believe introducing any prerequisite triggering events will substantially reduce the effectiveness of the proposed rules. Granting shareholders the right to include one or more nominees in the company's proxy materials any time they are dissatisfied with board composition or performance necessarily promotes greater accountability and better alignment of board performance and shareholder interests. The triggering events previously proposed in 2003 or the inclusion of similar triggers that signal an unresponsive board or, more generally, poor governance practices would render proxy access a mere antidote rather than a preemptive prescription.

Shareholder access will foster preemptive action by boards of directors to improve board composition and overall performance.

Mandatory proxy access for qualified shareholders will provide the necessary impetus for boards to preemptively conduct regular and meaningful self-evaluation of their composition and performance.

The experience in the U.K. and in other countries where shareholders enjoy the right to remove or nominate directors indicates that preemptive improvements initiated by boards make the actual use of these rights by shareholders rare. We expect a similar experience to follow adoption of the proposed rules. Boards will initiate "self help" actions to avoid vulnerability to shareholder challenges.

We witnessed a similar phenomenon flowing from the rules allowing short slates although preemptive actions under such rules generally follow actual activist engagement by a shareholder expressing willingness or an intention to initiate a short slate campaign. Unfortunately, with the short slate framework the "self help" process did not extend beyond this subset of companies. This is owed to the fact that only a few investors have the expertise and resources to execute a short slate campaign which in our experience can cost upwards of $10,000,000 at a typical large U.S. company.

Although the credible ability to initiate a proxy contest under the existing rules has been effective for Relational in many cases, in others costs and procedural burdens resulted in our electing not to use the process even though we were convinced that improved board composition would create value for all shareholders. In the latter set of cases, the projects are often abandoned or not taken in the first instance. We instead focus on companies where either the shortcomings are egregious enough to warrant the expense, risk and human resources of mounting a short slate initiative or where management and boards are receptive to our agenda. Fortunately, in the vast majority of our engagements, we've found that board or committee members and members of management have been willing to engage with us in a constructive dialogue. This process is often enough to persuade a board to make changes or reassess its own composition and performance but even in these situations it is often our repressed willingness to use more assertive tactics such as short slates that spurs the dialogue and position action.

For this reason, the proposed rules should serve as an alternative to the traditional proxy contest and neither means of impacting boardroom composition should preclude the other.

Simply put, the proposed rules providing shareholders with a meaningful way to participate in the nominating process will spur boards to become more attuned to shareholder concerns. For example, boards will be more likely to remove directors with conflicts of interest or poor track records as board members or committee members (such as compensation committee members who have failed to align executive incentives with shareholder interests) and more likely to respond to shareholder proposals calling for the adoption of governance reforms such as majority voting, director resignation policies or other shareholder friendly proposals.

We do not expect the disruption in the boardroom feared by the corporate community.

Opposition to proxy access has often been grounded in concerns about disruption and distraction. Specifically, it has been suggested that proxy access would be disruptive to the election process, would facilitate special interest directors, polarize the boardroom, discourage quality directors from serving, and increase the likelihood of costly election contests.

Prior to the Commission amending the bona fide nominee rule in 1992, the corporate community made similar predictions; however, this negative outcome never presented itself. Instead, the experience has been positive and the process rarely used. We would expect a similar experience with the proposed rules mandating proxy access for qualified shareholders. Again, the right to access company proxy materials prompts preemptive board action in an effort to minimize vulnerability to a shareholder challenge. As elected shareholder representatives who are truly vulnerable to replacement, directors will have more incentive to take actions in response to shareholder concerns and maintain positive shareholder relations. In any event, to the extent that the rules engender limited increased costs and administrative burdens, these will be far outweighed by the enormous benefits in terms of increased corporate performance that the proposal will engender.

Our experience serving on the boards of portfolio companies has revealed that incumbent board members and CEOs are sometimes apprehensive at first but, invariably, our presence in the boardroom is quickly viewed as constructive and positive rather than disruptive or driven by special interests or single issues. Concern with special interest candidates is mitigated by the fact that any nominee will only be elected if that person receives the most shareholder votes or a majority of the votes, depending on the company. It is illogical to believe that shareholders will support candidates that are expected to serve narrow or special interests.

The proxy access rules should not prohibit shareholder nominees based upon share ownership or upon the existence of a relationship between the nominating shareholder and its nominee.

To this end, we commend the Commission for eliminating the previously articulated prohibition against a relationship between the nominating shareholder and its nominee. We often suggest ourselves as board members for our portfolio companies for the very reason that we have a vested interest in the long-term performance of the company and have performed comprehensive diligence on company value and performance.

Similarly, the New York Stock Exchange ("NYSE") recognized the issue of share ownership in crafting reforms relating to director independence and determined that stock ownership (even significant percentage interests) in and of itself should not be dispositive as to a determination of independence. While conflicts on interest may be an important consideration for investors, the conflicts that should be of primary concern are those between board members and management as articulated by the NYSE in the notes to its listing standards. The proposed rules adequately address potential conflicts between nominees and nominating shareholders by requiring that such

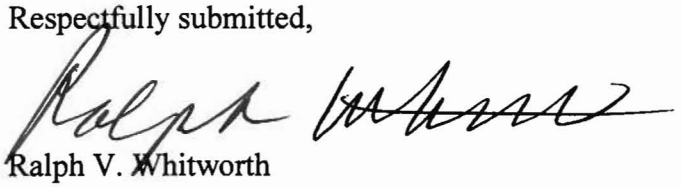
relationships be disclosed, as is required under the existing rules. Fully informed shareholders may account for such relationships or other conflicts in casting their votes in the election of directors.

Conclusion

The proposed proxy access rules provide an opportunity for shareholders to affect boardroom dynamics when greater accountability is needed and serve as an incentive for boards to take preemptive actions designed to ensure that board composition represents the best interest of shareholders.

We would welcome the opportunity to participate in an open dialogue with the Commission and its staff to consider the proposed rule amendments and related issues that will arise in implementing proxy access.

Respectfully submitted,



Ralph V. Whitworth
Principal