



WELLPOINT.

120 Monument Circle
Indianapolis, IN 46204
Tel (317) 488-6562
Fax (317) 488-6616

Kathleen S. Kiefer
Vice President and
Assistant Corporate Secretary

October 20, 2010

Ms. Elizabeth Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Re: Concept Release on the U.S. Proxy System, File No. S7-14-10

Dear Commission Members,

Thank you for providing the opportunity to comment on the mechanics of the U.S. proxy system. As a publicly traded company, we have first-hand experience with the current proxy system. Below are our comments on the Concept Release on the U.S. Proxy System.

Over-Voting and Under-Voting (section III.A. in the Concept Release)

Under the current system, it is possible that the reported shares eligible to vote may not coincide with the record-date position maintained at DTC. As of now, there are no rules requiring brokers to reconcile their positions as of the proxy record date. This situation can allow borrowers and lenders to vote the same positions. It also appears that there is no consistency in how brokers address the reconciliation of voting rights across their clients' holdings.

It is critical that the underlying regulations be revised to ensure integrity in voting results. To that end, we offer the following recommendations:

- The SEC should require brokers and other financial intermediaries to produce an eligible-voters list as of the record date for each shareholder meeting.
- Reconciliation methodology should be standardized. Reconciliation should occur before an intermediary transmits record-date beneficial owner information to the data aggregator and before proxy forms are mailed. This will eliminate duplicate voting and prevent erroneous VIFs (or proxy forms, if subsequent recommendations are adopted) from being distributed.



Proxy Distribution Fees (Section III.D. in the Concept Release)

We agree with others in the issuer community that the current proxy distribution and communication costs are exorbitant. The NYSE conducted its most recent review of proxy fees in 2002. There does not appear to be a direct relationship between the fees approved from this review and the actual costs incurred by intermediaries.

We do not believe the problem can be addressed solely through another review of the NYSE fee schedule. Distribution methods have also changed dramatically over the past several years with electronic distribution, householding, and notice and access, yet the NYSE-regulated fees have not been reduced to reflect these lower costs of production. It is likely that technology will continue to create new opportunities for communications, in turn creating pressure to reduce prices.

As noted in the Concept Release, there are potential instances of the issuer (and ultimately, the shareholders) paying the maximum fees to the vendor even though the vendor has negotiated lower fee structures with the broker-dealer. We believe the savings should benefit the shareholder and not the intermediary. The practice of collecting a fee for the elimination of accounts that have elected to suppress paper mailing, not only in the year in which the shareholder makes the election, but also for every subsequent year, when these accounts are already electronically flagged in the system, should be discontinued. Additionally, the practice of invoicing the issuer for the processing and elimination of mailings to managed accounts, where beneficial owners have previously delegated their voting decisions to a single investment manager, even though only one set of proxy materials is transmitted to the investment manager for all managed accounts under his direction, is inappropriate.

Issuers should have a choice of agents in a competitive environment. We believe that allowing issuers to choose their agent would reduce costs by eliminating redundant processing and ensure that fees are set by market forces, thus fostering higher levels of service and product innovation. To reduce costs to issuers (and their shareholders) and create an open market for proxy distribution and communication services, we ask the SEC to consider the following recommendations:

- Open up free market competition. A competitive environment would allow issuers to choose a proxy/communications agent based not only on price, but also on the quality of service and innovative products.
- The SEC should initiate a process to seek competitive bids for the job of aggregating and making available to qualified entities the names of all beneficial owners who are entitled to vote in corporate elections. The SEC should specifically provide that the entity selected to aggregate names cannot also perform the other voting-related tasks.

Issuer Communications with Shareholders (Section IV.A. in the Concept Release)

The NOBO/OBO classification system is outdated and prevents public companies from knowing many of their shareholders and engaging in meaningful communications with them. Often these shareholders may individually or collectively hold significant portions of an issuer's shares. It is important for issuers to know who owns their shares to facilitate an effective communications environment.



To help facilitate communications between issuers and shareholders, we propose the following recommendations:

- Eliminate the NOBO/OBO classifications, enabling transparency of share ownership and direct communications between issuers and their investors.
- If not eliminated, require NOBO to become the default classification for all shareholder accounts that are opened.
- The SEC should create informational materials regarding NOBO/OBO and consider requiring a signed acknowledgment prior to electing OBO status.
- Give shareholders the option to remain anonymous through the use of a custodial or nominee account.

Relationship between Voting Power and Economic Interest (Section V in the Concept Release)

The role of Proxy Advisory Firms in the proxy voting process has increased dramatically over the past several years. We do believe it is appropriate for the SEC to consider additional regulation of proxy advisory firms.

Thank you again for providing this opportunity to comment on improving the mechanics of the proxy system.

Regards,

Kathleen S. Kiefer
Vice President and Assistant Corporate Secretary