AllianceCapital

364

Alliance Capital
Management Corporation
[illegible] Avenue of the Americas
New York, NY [illegible]
[illegible]
[illegible]
[illegible]

Andrew C. Murphy
Vice President and Counsel

December 15, 2003

Via Email and Overnight Courier

Jonathan G. Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, NW,
Washington, DC 20549-0609
Email: rule-comments@sec.gov

Re: Proposed Exchange Act Rule 14a-11: Security Holder Director Nominations
File No. S7-19-03

Dear Mr. Katz:

I write on behalf of Alliance Capital Management L.P. ("Alliance Capital") in support of the SEC's proposed Exchange Act Rule 14a-11 regarding shareholder access to company proxy materials for purposes of director nominations. By way of background, Alliance Capital is a leading global investment management firm providing investment management services for client accounts with assets, as of November 30, 2003, totaling more than $456 billion. Alliance Capital is the investment adviser for many of the largest U.S. public and private employee benefit plans, foundations, public employee retirement funds, pension funds, endowments, banks, insurance companies and high-net-worth individuals worldwide. Alliance Capital is also one of the largest mutual fund sponsors, with a diverse family of globally distributed mutual fund portfolios.

Alliance Capital has historically supported resolutions calling for enhancement of shareholders' ability to access proxy materials to ensure that shareholder concerns are properly addressed. We recognize, of course, that access should still be limited to discourage proposals put forward by shareholders who may have their own agenda or who otherwise do not have the best interests of all shareholders in mind. Furthermore, we believe that directors have a duty to respond to shareholder actions that have received significant shareholder support. Therefore, we support this proposal as a means of improving corporate governance, increased director accountability, independence, and performance, subject to the comments set forth below:

- As proposed, a triggering event would occur if at least one of the board's nominees receive withhold votes from more than 35% of votes cast at a meeting of security holders where directors were elected. We propose that the threshold for the triggering event be raised to the withholding of more than 50% of the votes cast for at least one of the directors. In our view, a threshold of less than 50% is too stringent. It would in effect require a director to receive a supermajority of the votes cast in order to avoid triggering the proposed rule. A triggering threshold of 50% would ensure that the proposed rule is triggered only upon a clear indication of security holder dissatisfaction with the current board of directors.

- We agree with the requirement that to be eligible to submit a director nominee, a security holder or group of security holders must beneficially own more than 5% of the registrant's securities that are eligible to vote for the election of directors continuously for at least two years. However, we recommend eliminating or clarifying the requirement that the nominating security holder must intend to continue to hold those securities through the meeting at which the election of the directors would be considered. This requirement is tantamount to a "share-blocking" requirement that could conflict with an institutional investor's fiduciary duty to make investment decisions in the best interests of its clients. This duty requires selling a security when it is prudent to do so. We recommend that this requirement be eliminated or clarified to ensure that shareholders are not subject to onerous holding requirements.

We are pleased that the SEC has addressed this important matter. We urge the SEC to consider our comments and adopt a rule that will give shareholders an appropriate voice in the affairs of a company.

Sincerely,