

International Brotherhood of Electrical Workers



LOCAL 26 IBEW

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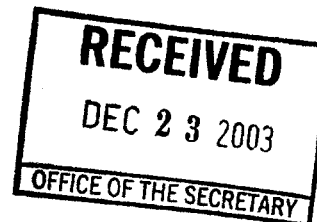
M.R. SHOEMAKER, Financial Secretary

F.E. LADDBUSH, JR., Recording Secretary

December 18, 2003

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Mr. Jonathan G. Katz, Secretary
Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549



Re: File No. S7-19-03

Dear Mr. Katz:

I am writing you on behalf of the more than 6,000 members of Local Union No. 26, IBEW, who are participants and beneficiaries of the Local 26 Pension Trust Fund. The purpose of this letter is to offer some supporting comments on the Securities and Exchange Commission proposal S7-19-03 regarding security holder director nominations.

We commend the Commission for proposing historic new rules that could, for the first time, give institutional shareholders the ability to challenge CEOs power to handpick their own directors. Hard lessons in this light were learned from the recent corporate scandals at Enron, WorldCom, Tyco and HealthSouth. Their self-serving CEOs and boards had devastating effects on corporations, investors, employees and the communities that depend on them.

This is significant corporate reform, and we welcome the safeguards found in the proposed rules—particularly significant ownership and holding period requirements, and limitations on the number of shareholder nominees. These ensure that the rules don't facilitate corporate raids or end up in potentially frivolous nominees at numerous companies. However, as proposed, the rules also have barriers making them difficult for even the largest investors to utilize and impossible to do so in a timely manner.

Specifically, we believe the triggering requirements are unnecessary given the substantial ownership required for shareholders to place nominees in the proxy. In addition, the two proposed triggers create serious additional problems. First, the proposed triggers entail a 2-year process which is an untenable delay at a company or board in crisis. Second, the proposed 1% ownership requirement for shareholders to submit a triggering proposal is way too high. We feel any shareholder meeting the current 14a-8 requirements should be able to sponsor such a proposal—a shareholder seeking to introduce such a proposal at the average S&P 500 company would need to hold shares worth more than \$180 million. Third, the proposed 35% director withhold threshold is too high considering past experience, and should be lowered to 20%.



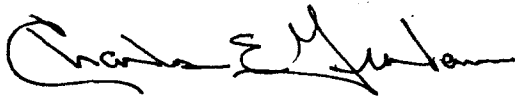
Mr. Jonathan G. Katz
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In addition, we support a significant ownership requirement for placing nominees in the proxy, but feel the proposed 5% threshold is too high. This threshold would require a shareholder or shareholder group seeking to place nominees in the proxy of the average S&P 500 company to own shares worth roughly \$900 million. We urge the Commission to lower the threshold to 3%. This is a level that would more fairly balance the Commission's concerns with the interests of corporations and their shareholders. Finally, we believe that at any shareholder group meeting these requirements should be allowed to include a minimum of two directors in the proxy, no matter what the size of the company's board.

Adopting final rules that give responsible long-term investors timely and effective access to the proxy will enable the Commission to introduce genuine accountability to a boardroom culture that for too long as been characterized by cozy relationships and a resulting unwillingness to challenge management. This is sure to yield significant benefits that extend well beyond the few companies at which new rules are actually used—in terms of board of director independence, performance and accountability.

Thank you for considering our strong support for this historic proposal, and we encourage the Commission to adopt final rules that are responsive to our concerns.

Sincerely,



Charles E. "Chuck" Graham
Business Manager

CEG/njg
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