

Mr. James H. Jeffery  
8001 Phaeton Drive  
Oakland, California 94605

Dear Mr. Jeffery:

This is in reference to your letter of June 16, 1972, addressed to Chairman Casey, which has been forwarded to me for response. Specifically, you raise questions relating to the effectiveness of annual meetings and the proxy machinery utilized in connection therewith.

The proxy rules, as presently drafted, state that a means shall be provided in the form of proxy whereby the person solicited is afforded an opportunity to specify by ballot a choice between approval or disapproval of each matter referred to therein. The only exception to this would be where the only matters to be voted upon are the election of directors and the election of other persons such as auditors. For your information, the relevant rule on this area is Rule 14a-4(a) and (b) promulgated under the Securities Exchange Act of 1934. In such a situation, a shareholder may express his objection to the current membership of the Board and its proposed re-election by withholding his signed proxy form. In addition, the shareholder may submit to management for inclusion in its proxy soliciting material certain proposals relating to the selection of directors as long as the proposal does not run afoul of the provisions of Rule 14a-8(a) of the Act. An example of this type of proposal would be a request for the adoption of cumulative voting by the company involved.

In addition, in reviewing the proxy material submitted to the Commission, the staff attempts to ensure that each of the matters to be voted upon is disclosed in such a way as to enable the shareholder to vote in an informed manner. It is felt that these procedures allow the stockholder who is not able to attend an annual meeting the opportunity to exercise his voting privileges effectively.

Notwithstanding this present position, however, your comments are most appreciated and will receive consideration in connection with our continuing effort to improve the effectiveness of our proxy rules and regulations.

Sincerely,

James A. Clarkson  
Attorney Adviser

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OCC/6/30/72