

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

June 22, 1995

Mr. Douglas Allchin  
385 Laurel Avenue  
St. Paul, Minnesota 55102

Mr. Allchin:

This is in response to your letter of January 10, 1995, relating to your concerns about shareholder resolutions and possible amendments to the shareholder proposal rule 14a-8.

Shareholder proposals provide an effective means by which shareholders communicate with management and the board of directors, as well as each other, on important company policy issues. Neither the shareholder proposal rule nor the Commission's interpretation of its provisions are directed at excluding proposals. Indeed, a number of social responsibility proposals involving a spectrum of issues including environmental, investments in South Africa, human rights implications of Mexican operations, reports concerning the Community Reinvestment Act and use of slave labor in the former Soviet Union and China were found proper by the Commission staff for inclusion in proxy statements in the past year.

On March 3, 1993 the New York City Employees' Retirement System ("NYCERS") brought suit against the Commission seeking reversal of the Commission's position with regard to the exclusion of employment related proposals that raise social matters under rule 14a-8(c)(7). The United States Court of Appeals for the Second Circuit issued a decision in favor of the Commission and recently denied a request for rehearing. In light of the United States Court of Appeals' decision, the Commission will continue to interpret rule 14a-8(c) (7) consistent with its initial position concerning such proposals.

It is important to note that the staff's and Commission's no-action responses to rule 14a-8(d) submissions reflect only informal views. The determinations reached in these no-action letters do not and cannot adjudicate the merits of a company's position with respect to the proposal. Only a court such as a U.S. District Court can decide whether a company is obligated to include shareholder proposals in its proxy material. Accordingly, a discretionary determination not to recommend or take Commission enforcement action does not preclude a proponent, or any shareholder of a company, from pursuing any rights he or she may have against the company in court, should the management omit the proposal from the company's proxy material. The Commission staff's role in the shareholder proposal process is explained further in the enclosed copy of the Division's Statement of Informal Procedures for Shareholder

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Proposals. A copy of this Statement is enclosed in the staff's responses to no-action requests under rule 14a-8(d) and is sent to both the shareholder proponent and the company.

I trust that this response has been helpful.

Sincerely,

William E. Morley  
Senior Associate Director

Enclosure

cc: The Honorable Rod Grams