

United States Senate

WASHINGTON, DC 20510-2309

March 9, 2011

The Honorable Mary L. Schapiro
Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Chairman Schapiro:

We write to object to the Commission's recent staff opinion that net neutrality is not a significant policy issue. Specifically, we draw your attention to AT&T, Comcast, and Verizon's requests to exclude shareholder proposals regarding net neutrality from their proxy materials under Rule 14a-8-(i)(7). We strongly disagree with the opinion letter of the Division of Corporation Finance's Office of Chief Counsel, which concludes that net neutrality has not "emerged as a consistent topic of widespread public debate such that it would be a significant policy issue for purposes of rule 14a-8(i)7," and we urge you to promptly review and reconsider the Commission staff's opinion on this important issue.

No other telecommunications issue has generated the same amount of public debate, legislative and regulatory action, and media attention as net neutrality, especially if you look at the last six months. Whether the government will preserve and protect today's free and open Internet is the telecommunications and free speech issue of our time. As we write this letter, a congressional panel is meeting to consider a resolution to disapprove of the Federal Communications Commission's (FCC) net neutrality rules under the Congressional Review Act. These rules were adopted by the FCC on December 21, 2010, and since that time, the House of Representatives has held three hearings on net neutrality issues, including the one that is being held today. Prominent members of Congress have made several statements opposing net neutrality regulation, both prior to and after the passage of the FCC's rule. Meanwhile, President Obama has produced his own statement in support of the rule, and more than 100,000 public comments were filed on this issue with the FCC. It is exceedingly rare for a telecommunications policy issue to consume such a large amount of congressional resources in just three months time. Given the essential role that the Internet now plays in the U.S. and global economy, we expect that this issue will continue to be the subject of widespread public debate for years to come.

In addition to hearings on this topic, the Senate and the House have introduced legislation to overturn the FCC's rules under the Congressional Review Act, and it is likely that the House will vote on this legislation later this month. The House also successfully passed an amendment to an appropriations bill that would have prohibited the FCC from using any of its funds to enforce its net neutrality rules. In addition, over the last year, a number of legislative proposals have been introduced in the House and Senate either to prohibit the FCC from regulating any

aspect of the Internet, or to broaden the FCC's authority to promote and preserve the open nature of the Internet.

There is no question in our minds that net neutrality is a matter that transcends the day-to-day business matters of large telecommunications companies, and it is a matter of particular concern to wireless companies. The *Wall Street Journal* reported on December 10, 2010 that large Internet providers and their trade associations spent \$82 million lobbying Congress on net neutrality last year, including \$17.68 million from Verizon, \$14.7 million from AT&T, and \$12.59 million from Comcast. This type of spending is further evidence that the telecommunications industry considers net neutrality to be a significant policy issue. Moreover, this topic has garnered substantial media attention and has been the subject of numerous editorials and commentaries in the *New York Times*, the *Economist*, the *Wall Street Journal*, and *USA Today*, just to name a few publications.

We believe that shareholders are uniquely positioned to tell corporate boards that net neutrality is an important issue and telecommunications companies should ensure equal, non-discriminatory access to all content on their networks. It is our understanding that a single commissioner of the SEC retains the discretionary right to bring a staff decision before the commission for review. We urge you to immediately investigate this staff decision and, if necessary, to consider bringing this issue to the full commission for a determination.

Thank you for your prompt attention to this matter. We look forward to your response.

Sincerely,



Al Franken
United States Senator



Ron Wyden
United States Senator

Cc: Commissioner Kathleen L. Casey
Commissioner Elisse B. Walter
Commissioner Luis A. Aguilar
Commissioner Troy A. Paredes