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Support for Pay Proposals Marks 2007 Proxy Season

Shareholders gave greater support to proposals seeking advisory votes on executive pay, majority voting in director elections, and the right to call special meetings this proxy season. "Clawback" and golden parachute resolutions also fared better this year, as did new resolutions seeking reforms in stock option practices and how companies calculate supplemental retirement benefits.

Pay-related proposals received the most attention; almost 40 proposals that seek an annual shareholder vote on compensation--or "say on pay"--have been voted on. As of June 15, support for advisory vote proposals averaged 42.6 percent at 28 meetings this year where preliminary or final results are available. The topic averaged 40 percent at seven meetings in 2006, the first year it appeared on U.S. ballots.

Four "say on pay" proposals received majority backing--the most recent winning 57 percent of votes cast at Ingersoll Rand on June 6, according to the proponent, the American Federation of State, County, and Municipal Employees (AFSCME). At least nine proposals received more than 45 percent support, according to ISS data.

Proponents also received a boost in February when Aflac announced

it would start holding shareholder votes on pay in 2009. The U.S. House of Representatives approved pay vote legislation in April, and similar legislation is pending in the Senate.

Investors also voted on over 60 proposals requesting that firms more closely link executive pay and company performance. General pay-for-performance proposals have averaged 34.3 percent support over 18 meetings where results are known, a slight decrease from last year's average of 36.1 percent.

In addition, 12 proposals were withdrawn, which suggests that companies have been more willing to engage with stockholders in drawing up performance metrics for calculating executive pay. At least one company, Progressive, has committed to adopting pay-for-performance metrics this season.

Proposals asking for a specific link between stock awards and option grants to executives and shareholder returns fared better than general pay-for-performance measures, averaging 38.7 percent across 11 meetings. A majority of shareholders at KB Home and Hewlett-Packard backed a performance-based stock proposal this year, with 54.6 percent support at KB Home, and 53.8 percent at HP, according to regulatory filings.

A few resolutions proposed adding "performance criteria" to equity awards; one such proposal received 51.7 percent support at Allegheny Energy.

Meanwhile, "clawback" proposals averaged 35.5 percent support at six firms where voting results have been released, significantly higher than the 2006 season average of 23.6 percent. These proposals call for recouping bonus payments to executives if a later investigation or restatement determines that their incentive goals weren't met. Two proposals have received majority support; the best showing was a 59.2 percent vote at Motorola.

Many of this year's pay-related proposals reflect a continued shareholder backlash against what the AFL-CIO has called "pay for failure." Executive retirement and severance payments have come under scrutiny in recent years as corporate exit packages, sometimes totaling in the hundreds of millions dollars, make headlines nationwide.

Another set of proposals asked companies to disclose, limit the amounts of, or let shareholders vote on Supplemental Executive Retirement Plans, or SERPs, which are benefits given

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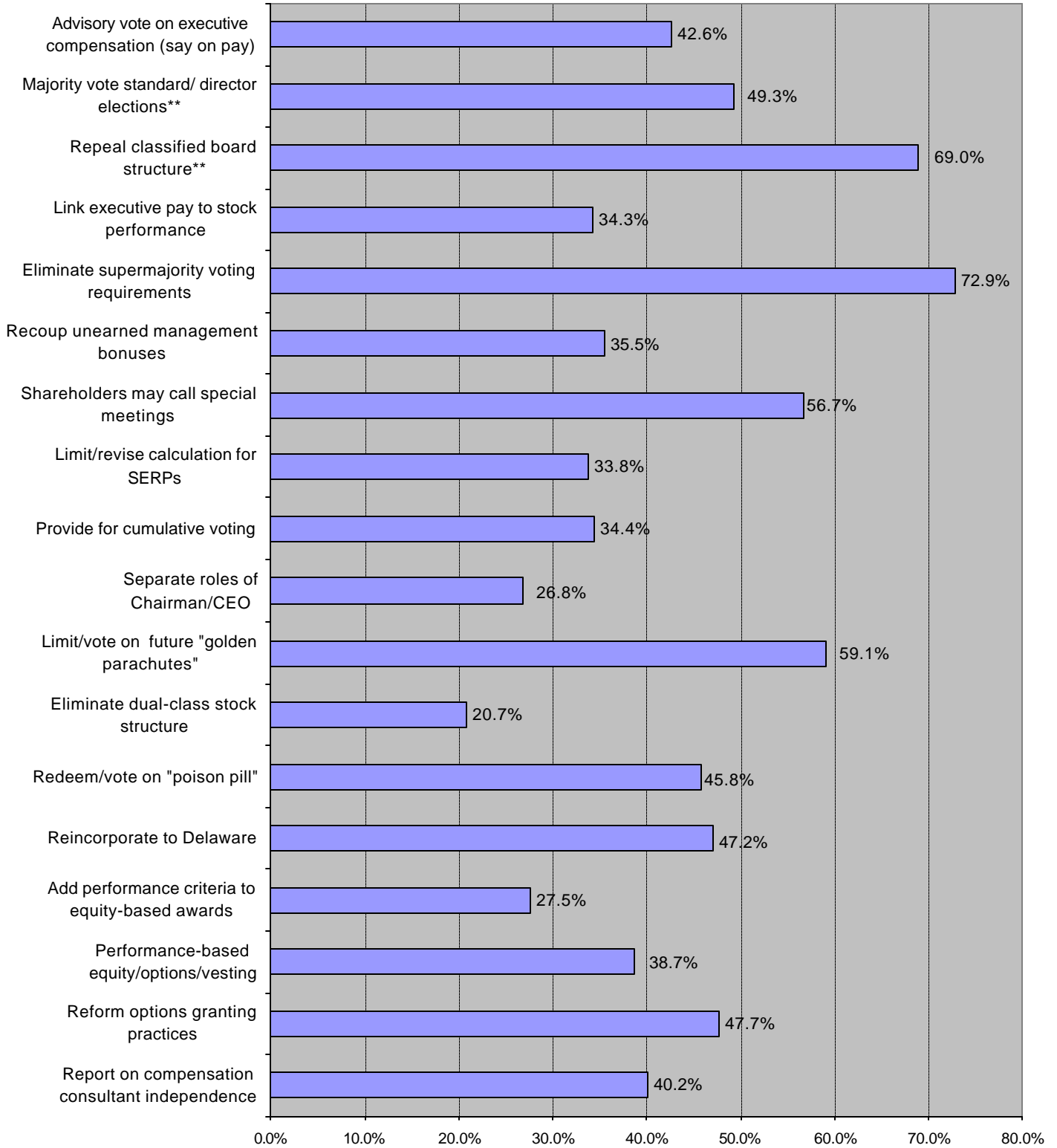
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Fig. 1 Proxy Season 2007: Average Support*

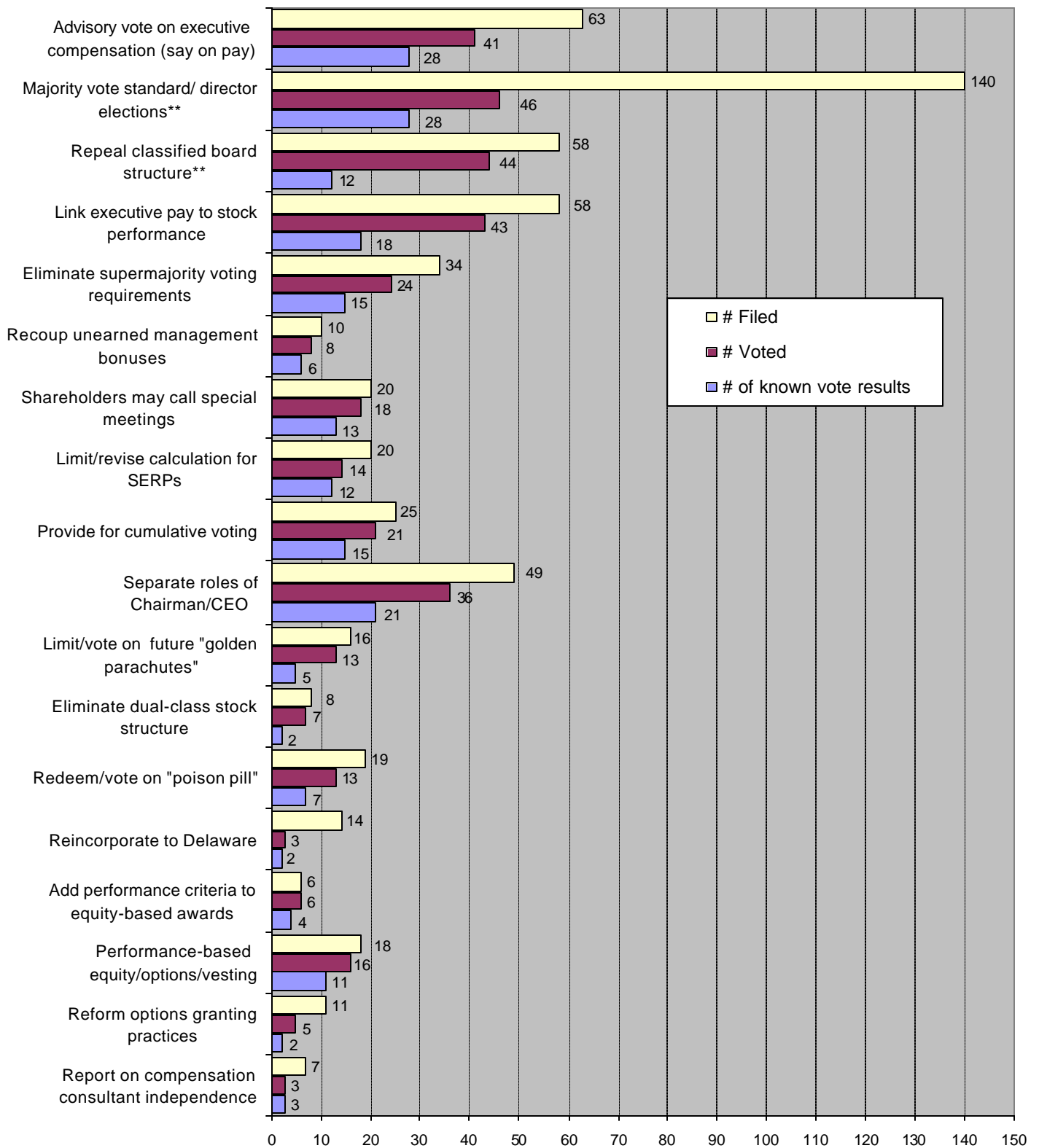


*Preliminary results as of June 15

**Does not include management-supported proposals

Source: ISS

Fig. 2 Proxy Season 2007: Proposals At a Glance



**Does not include management-supported proposals
 Source: ISS

to top management in addition to the company-sponsored pension plan. SERP proposals won an average of 33.8 percent support over 12 meetings where results are known, with at least one resolution attaining majority support: 51.7 percent at Goodyear, according to company regulatory filings.

Investors also were more receptive to resolutions that ask for a shareholder vote on future "golden parachute" packages for outgoing executives. The proposal averaged 59 percent support at five meetings, up from 50 percent support at 11 firms last year. A total of 13 such proposals were voted on this season. One golden parachute resolution won 65 percent at PPG Industries, according to company regulatory filings, while a Bricklayers & Trowel Trades proposal got 85.6 percent support at KB Home, the company reported.

The stock options backdating scandal that engulfed more than 200 U.S. companies has spawned a number of resolutions this year. The Amalgamated Bank's LongView Fund submitted nine proposals asking compa-

nies to fix grant dates before the fiscal year begins and to price options at an average of the stock's opening and closing price on the grant date.

According to Cornish Hitchcock, an attorney for LongView, most of the proposals were withdrawn following constructive talks with the companies. The proposal won 47 percent at Apple, Hitchcock said. At CVS/Caremark, a similar proposal received a 48.4 percent vote, a strong showing for a first-year resolution. Another proposal was filed at McAfee, but the software company could not hold an annual meeting because it has been unable to file timely financial reports due to options-related adjustments.

Another new proposal seeks information that relates to the independence of the executive pay consultants hired by boards, such as on other work that the consultant may be doing for the company. Only three of these proposals were voted on, averaging 40 percent support.

Director Elections

Proposals seeking majority voting in

director elections continued to do well this year. Support for majority voting averaged 49.3 percent at 28 meetings where results are known, up from 47.7 percent in 2006.

This season, there was notably high support at International Paper (85 percent, according to news reports) and Newell Rubbermaid (74.8 percent, according to company records). Morgan Stanley reported that it adopted a majority vote standard after the measure received 70 percent shareholder support. More than 50 majority vote proposals had been voted on as of June 15.

The number of majority vote resolutions continues to be high, even after many companies followed the example of Intel in adopting majority voting bylaws and director resignation policies. While investors filed 140 proposals, what is notable this year is the significant number of withdrawals. More than 75 proposals slated for meetings in January through June were withdrawn by proponents following discussions with companies. As was the case last year, many firms have agreed to introduce the measure

Table 1 - Notable Results on Pay-Related Proposals

Resolution	Company	% Support
Add performance criteria to equity-based awards	Allegheny Energy	51.6%
Limit/vote on future "golden parachutes"	KB Home	85.6%
Link executive pay to stock performance	Mattel	47.3%
Performance-based equity/options/vesting	KB Home	54.6%
Recoup unearned management bonuses	Motorola	59.2%
Reform options granting practices	CVS/Caremark	48.4%
Report on compensation consultant independence	Verizon Comm.	46.9%
Advisory vote on executive compensation (say on pay)	Blockbuster	57%
Advisory vote on executive compensation (say on pay)	Ingersoll-Rand	57%
Limit/revise calculation for SERPs	Goodyear	51.7%

Source: ISS

at the next meeting or to change their bylaws or certificates of incorporation to provide for a majority vote.

A novel approach to majority voting were proposals that asked firms to reincorporate in Delaware. This season, the Carpenters and the Sheet Metal Workers International Association filed reincorporation proposals at 13 Ohio companies to prod them to support legislation to repeal the state's plurality vote requirement for board elections. Around 10 proposals were withdrawn, likely following dialogue with the companies about majority vote standards.

One of the three proposals voted on earned majority support--59.5 percent at Convergys. A similar proposal won 34.9 percent support at FirstEnergy on May 15.

Proposals on cumulative voting, which averaged 39.8 percent last year, did not do as well this year, with an average of 34.4 percent support over 15 meetings. Average support for cumulative voting proposals has remained around 40 percent since 2005.

The board election issue that received the most attention this season

was proxy access. After investors won a court ruling last September, the Securities and Exchange Commission did not allow companies to omit access proposals this year. Two proposals went to a vote; both called for management proxy statements to include director nominations by shareholders with at least a 3 percent stake. A non-binding proposal filed by the California Public Employees' Retirement System (CalPERS) received 45.3 percent at UnitedHealth Group, according to a company filing. Earlier, a binding proxy access proposal filed by AFSCME and three state pension funds won 43 percent support at Hewlett-Packard.

Proposals that advocate a separation of the roles of chairman and CEO--through the adoption of an independent board chair--did less well than last year. Of 21 meetings where results are known, measures aimed at separating the board chair and CEO posts have averaged 24.2 percent, compared with 30.2 percent last year.

Of the 36 such proposals voted on, only two received majority support--

52.7 at CVS/Caremark, according to company filings. The other, voted on at mining company Newmont, received over 50 percent according to investor John Chevedden, but the company declined to release exact vote totals until its next regulatory filing.

Takeover Defenses

Investors provided strong support this season for proposals that target takeover defenses, such as "poison pills" (also known as "shareholder rights plans"), classified boards, supermajority requirements, and dual-class equity structures. In addition, proposals seeking the right to call special meetings have done well.

A bylaw proposal by investor Nick Rossi that sought a shareholder vote on future poison pills won 73 percent at Hewlett-Packard, according to company filings. Investors gave 79.3 percent support for William Steiner's proposal at MeadWestvaco asking the company to redeem its poison pill or put it to a shareholder vote, according to the company. At Walt Disney, 43 percent of shares outstanding supported a novel bylaw proposal by

Table 2 - Notable Results on Governance-Related Proposals

Resolution	Company	% Support
Provide for cumulative voting	Bristol-Myers Squibb	47.6%
Eliminate dual-class stock structure	Ford Motor*	27.4%
Eliminate supermajority voting requirements	Kimberly-Clark	81.4%
Majority vote standard/ director elections	International Paper	84%
Redeem/vote on "poison pill"	MeadWestvaco	79.3%
Reincorporate to Delaware	Convergys	59.5%
Repeal classified board structure	Kellwood	89.1%
Separate roles of Chairman/CEO	CVS/Caremark	52.7%
Shareholders may call special meetings	Honeywell	72.4%

*A majority of Ford Motor stock is insider-owned.

Source: ISS

Harvard University Professor Lucian Bebchuk that called for a 75 percent vote by independent directors to adopt or amend a pill plan. (For more on that proposal, see "Poison Pill Critics Seek Guidance in SEC No-Action Decisions" in this issue of the *Corporate Governance Bulletin*.)

However, due to low support at companies such as Praxair and Home Depot, pill-related proposals only saw 46 percent support across seven meetings where results are known. In 2006, pill proposals averaged 55.6 percent support.

Meanwhile, shareholders gave greater support to proposals asking companies to do away with classified boards and hold annual elections for all directors. More than 40 requests for a declassified board structure were voted on this year, and the measure averaged 69 percent support over 12 meetings where results are currently known, including 89 percent at apparel marketer Kellwood, which may be a new record for a management-opposed resolution. (Last year, board declassification proposals averaged 66.8 percent support.)

Investor support also increased for proposals that ask companies to eliminate supermajority requirements on bylaw changes and other matters. These resolutions have averaged 73 percent across 15 meetings, up from 67.8 percent in 2006.

Individual or family investors led the charge this year in asking for the right of holders of a 10 to 25 percent stake to call special meetings. At the 13 companies where preliminary or final results have been released, those proposals averaged 57 percent support, according to ISS data. The highest vote so far, 72.4 percent, occurred at Honeywell, the company said. The lowest vote, 19.3 percent, came in at Ford Motor, where a significant portion of the stock is insider-owned.

This season has also seen increased investor scrutiny of compa-

nies with dual-class stock, which can be an insurmountable takeover defense. Shareholders are targeting companies with "A" and "B" class stock that give multiple votes per share to one share class, which is often controlled by a family or founder. Seven proposals aimed at eliminating dual-class stock were voted on, but most of the companies, as of June 15, declined to release vote totals in advance of their quarterly reports.

Shareholder proposals seeking to end dual-class structures won significant support from outside investors at Hovnanian Enterprises and Ford

Shareholders are targeting companies with "A" and "B" class stock that give multiple votes per share to one share class ...

Motor, proponents said. A LongView resolution won 14 percent at Hovnanian, where insiders control 75 percent of the voting power. At Ford, a similar proposal received 27 percent support. With the Ford family controlling 40 percent of the voting power, proponent John Chevedden estimates that about 45 percent of the non-family investors supported the measure.

Morgan Stanley Investment Management filed a dual-class proposal at the New York Times Co., but the SEC allowed the company to exclude the resolution from its proxy. Instead, the Morgan Stanley fund and other investors protested the company's equity structure by withholding 42 percent support from the four directors

who are elected by outside stockholders.

Editor's note: ISS reports vote percentages based on "for" and "against" votes cast and doesn't include abstentions or broker votes. This is the same approach the SEC uses under Rule 14a-8(i)(12) to evaluate the support received by proposals in previous years. Please also note that these results are preliminary as of June 15 and do not include all 2007 meetings, because some companies have declined to release vote totals on shareholder resolutions until their next quarterly regulatory filing. Finally, the 2006 averages include only those meetings that occurred from Jan. 1 through June 30 of that year.

— L. Reed Walton

SEC Forums Spark Debate Over Federal Proxy Rules

The Securities and Exchange Commission is gauging the views of investors, corporate representatives, academics, and others on shareholder rights and the federal proxy process in advance of plans to overhaul related rules this summer.

At three agency roundtables this May, investors defended the use of non-binding, or "precatory," proposals while also calling for "proxy access," or the right to nominate corporate directors. Some issuers, law professors, corporate lawyers, and others speaking at the forums questioned the merits of non-binding proposals and called for stricter filing requirements.

Investor advocates and some panelists attending the May 7, 24, and 25 roundtables in Washington defended non-binding proposals as a useful way to open a dialogue with companies. Ninety-seven percent of the proposals filed by shareholders each year are precatory, noted Ann Yerger, executive director of the Council of Institutional Investors (CII).

Yerger said most investors prefer to file non-binding proposals, because binding resolutions are perceived as "a stick" and too "prescriptive." She also noted that it is challenging to draft a well-crafted bylaw and supporting statement without exceeding the 500-word limit under SEC rules. Finally, many companies still have supermajority (e.g., 75 percent) requirements, which make it very difficult to pass a bylaw that's opposed by management. "Our members would be concerned if we were to move to a binding-proposal-only regime," she said.

Richard Ferlauto, director of pension benefit policy at the American Federation of State, County, and Municipal Employees, was among investors warning the SEC not to try to

overhaul the Rule 14a-8 process completely by only permitting shareholders to bring binding proposals that relate to state corporate law matters. "That would open up a Pandora's box that no one would want," he said at the May 25 roundtable. "Rather than taking a broad battle axe to [federal proxy] Rule 14a-8, I think that you should focus on binding proposals regarding director elections."

Questioning the equity of non-binding proposals, Professor Roberta Romano of Yale University Law School observed that the costs of 14a-8 proposals are borne by all shareholders, rather than the individual filers. By contrast, investors who wage proxy fights do take on significant economic risk and often are successful in their efforts to increase shareholder value. "Investors need to have some 'skin in the game' if you want everyone to behave," she noted.

Stanley Keller, a securities lawyer with Edwards Angell Palmer & Dodge in Boston, stressed the need for an alternative mechanism to handle non-binding proposals. "I think it would be moving backward to simply eliminate them, but there should be a way to take them out of the annual meeting process and focus the meeting on just binding proposals," he said at the May 7 forum.

At the same time, several panelists noted that companies can now face real consequences if they ignore precatory proposals that receive majority support. Amy L. Goodman, a partner at the law firm of Gibson, Dunn & Crutcher, which represents directors and companies, warned that directors at firms with new majority vote requirements may face difficulty getting elected if they fail to respond to those proposals. Likewise, Cary Klafter, a vice president and corporate secretary at Intel, noted:

"We're entering an era where every vote is a potential proxy contest."

Should Filing Requirements Be Tightened?

Investor advocates also argued against calls to raise the economic threshold for filing non-binding resolutions. Currently, shareholders must hold a \$2,000 stake for at least one year. As Martin Dunn, deputy Corporation Finance director, noted, the economic threshold is higher in Britain, where binding proposals must be endorsed by a group of at least 100 shareholders or those who collectively own a 5 percent stake.

While the SEC has provided investors "not enough democracy" to nominate directors, Professor John Coffee of Columbia University Law School said the agency has allowed "a little too much democracy" for the filing of non-binding proposals. "We are subject to the tyranny of the 100-share shareholder," he noted.

Coffee and other panelists suggested that the SEC increase the minimum economic stake to file a proposal to a 1 percent stake or 1 million shares. Such a change, he said, would save companies money and "focus shareholders on important issues."

Home Depot's director of corporate governance, Jonathan Gottsegen, said his company must devote the time of many people, including the investor relations staff, in-house lawyers, and outside Delaware counsel, over a six-month period to review proposals and ask the SEC for permission to exclude some resolutions. "It's a very consuming, resource-intensive process," he noted.

Gottsegen urged the SEC to increase the economic threshold and adopt more stringent requirements for resubmitting proposals. "Both of those

rules need a hard look," he said. SEC Rule 14a-8(i)(12) has a sliding scale for resubmission eligibility that requires a proposal to win at least 3 percent the first time it appears, 6 percent the second time, and 10 percent the third time. Gottsegen noted that many social proposals can easily meet the current thresholds and appear on corporate ballots five or six years in row, "where they fail by wide margins."

Investors such as Ferlauto and Damon Silvers, associate general counsel for the AFL-CIO, expressed opposition to increasing the minimum economic stake and were not sympathetic to corporate arguments about costs.

"Every time since the 1940s when the commission has discussed this issue, companies have raised cost concerns," recalled Silvers, who noted that those costs are minimal compared to the compensation paid to former Home Depot CEO Robert Nardelli. "To argue that it costs a lot of money to silence investors, that doesn't have the ring of credibility," the labor federation official added.

Noting "there is robust engagement" by small investors, Ferlauto told the SEC that "you don't want to be in the position of limiting" their rights. Instead, he proposed that the commission allow investors who can get support from 3 percent of a company's shareholders to override SEC staff determinations that a proposal is excludable because it relates to the firm's "ordinary business."

Ferlauto also suggested extending the minimum stock holding period to two or three years. "We're looking for power for long-term shareholders," he noted.

Experimenting With Proxy Access

Several commentators attending the May forums urged the SEC to allow shareholders and companies to "experiment" with proxy access and not try to

impose a broad access rule like the agency staff proposed in 2003. The SEC abandoned that rule in 2005 amid opposition from corporate interests, Bush administration officials, and two of the commissioners.

The SEC has been struggling with the issue of proxy access for years. The agency drafted an access rule in 2003, but the proposal languished amid opposition from corporate interests, Bush administration officials, and two commissioners. Until investors won a court ruling in September 2006, the agency staff had allowed companies to omit access proposals filed by AFSCME

Several commentators attending the May forums urged the SEC to allow shareholders and companies to "experiment" with proxy access ...

and other investors under Rule 14a-8(i)(8). After that ruling, Chairman Christopher Cox said the SEC would address the issue, but the commissioners failed to reach a consensus before the 2007 proxy season started.

With the SEC remaining neutral on whether investors can bring those proposals, shareholders were able to get access resolutions on the ballot at UnitedHealth and Hewlett-Packard, where the topic fared well, winning 45.3 and 43 percent, respectively. Those proposals urged the companies to adopt bylaws to allow director nominations by investors who have owned a 3 percent stake for at least two years.

During the May 25 roundtable,

Silvers urged the SEC to adopt a broad rule that covers all public companies or allow shareholders to file access proposals at specific companies. "It is extremely imperative that the commission and the staff allow one of these approaches to go forward," he said.

But the prevailing view was that companies and shareholders should work out access rules between themselves. "Can't we all recognize that we're not that smart? We can't figure out the appropriate standard for all public companies," said Joseph Grundfest, a former SEC commissioner who now is a Stanford University law professor. "We should let shareholders and companies work out access on their own."

Online Forums for Investors

Several panelists raised concerns about the agency's proposal that companies set up secure Internet forums for investors as a supplement to non-binding proposals. The SEC has hired Broadridge Financial Solutions to explore the feasibility of this approach.

As the SEC explained in a briefing paper, such an approach would allow investors to communicate with companies "24/7 throughout the year, rather than only at annual meetings." Such an electronic forum, the SEC said, could provide a "powerful means to advance non-binding proposals" by allowing shareholders to anonymously discuss issues with other investors and to conduct non-binding votes. The agency noted that the proxy rules would have to be amended so that forum participants would not be deemed as conducting a solicitation.

University of Iowa professor Paul Neuhauser expressed skepticism that "serious" investors would use such a forum. "To the extent it looks like an Internet chat room, it would be entirely useless," Neuhauser said, citing examples of irrelevant postings that appeared on the Yahoo! Finance chat room for General Electric.

"Will the company or the SEC

Controversy Recalls Earlier Overhaul Attempts

Comments made at the start of the current reevaluation of proxy rules at the SEC echo many of those heard during earlier rulemakings, none of which produced the overhaul opponents of the process had sought.

The SEC has conducted three important reexaminations of Rule 14a-8 since the 1970 court case that legitimized social policy shareholder resolutions, in 1976, 1983, and 1997. After looking carefully at the rule in 1976, the SEC altered some of its procedural requirements and made some unstated requirements explicit. After considering more substantial alternatives in 1983, the commission rejected the more radical alternatives and adopted a few changes that made it easier to omit certain proposals.

Then in 1997, caught between corporations unhappy with the number and reach of social issue proposals and activists unhappy with recent SEC policy allowing omission of all employment-related resolutions, the SEC came out with a proposed rule that would have reinstated employment proposals but also made proxy access more difficult and taken the SEC staff out of the tricky business of making so many subjective judgments about which proposals should be included.

Fury over the 1997 proposals made bedfellows of social issues and corporate governance activists who sometimes have little in common. And corporations, while enthusiastic about many of the proposed changes--especially a large increase in the percentages a shareholder proposal would have to receive to qualify for resubmission--were so concerned about a provision that would have allowed holders of 3 percent of a company's stock to override SEC staff decisions on excluding proposals that they joined in opposition to the package behind the scenes.

The result in May 1998 was an unusually thorough defeat for a proposed SEC rule, with little change at the end except for a reversal of the policy on employment-related proposals and an increase from \$1,000 to \$2,000 in the amount of stock a proponent must hold to offer a resolution. The outcome raised eyebrows about the political naiveté of the SEC staff at the time; most of the current staff are not veterans of that earlier skirmish.

— Carolyn Mathiasen

regulate it? If it is controlled by the company, then some shareholders won't trust it," he said, adding that SEC oversight of investor forums would raise freedom-of-speech concerns.

Corporate advocates also didn't embrace the concept. "I would caution you about creating a whole new process with a few participants," said Klafter of Intel.

Debate Over Broker Votes

At the May 24 roundtable, industry panelists raised concerns about the costs of, and suggested potential alternatives to, a proposed New York Stock Exchange rule to bar brokers from voting uninstructed shares in uncontested director elections.

While most of the panelists agreed the current rule should be changed, they differed on how that should be done. "I

can't think of anything that is more important than who are the directors of our public companies," Catherine Kinney, president of NYSE Euronext, told the five commissioners.

In October, the NYSE proposed changing Rule 452 to remove director elections from the list of "routine" matters that brokers may vote on if their clients don't send voting instructions within 10 days of an annual meeting. The NYSE rule change, which would apply to meetings after Jan. 1, 2008, requires SEC approval.

Traditionally, brokers have cast those shares in favor of management nominees, prompting CII and other investor advocates to describe the practice as "ballot-box stuffing." The CtW Investment Group, which manages union assets, notes that broker votes can be decisive in "vote-no" campaigns

and points to a close vote on a CVS/Caremark director in May.

Broker votes do account for a significant percentage of the shares in U.S. companies. About 85 percent of exchange-traded securities are held by brokers and banks on behalf of their clients, the SEC noted in a briefing paper on voting mechanics. While most institutions now vote their shares or give voting instructions, only 30 to 40 percent of retail investors bother to vote their shares. According to Broadridge Financial, broker votes on average account for about 19 percent of the votes cast at U.S. corporate meetings.

John Endean, president of the American Business Conference, said he agreed with shareholder activists that broker votes "serve as a thumb on the scale in vote-no campaigns." However, Endean argued that not every director

election is non-routine, and broker votes should only be barred from certain elections, e.g., those with an organized vote-no campaign. Excluding broker votes from all director elections would increase the solicitation costs for small

and mid-cap firms that need those votes to meet quorum requirements without changing the outcome of those board elections, Endean said. "Broker voting should be mended, not ended," he added.

Kinney defended the proposed rule and noted that companies raised similar concerns about potential costs when the NYSE in 2003 removed equity plans from the list of routine matters under Rule 452.

— *Ted Allen*

Poison Pill Critics Seek Guidance in SEC No-Action Decisions

As they look ahead to 2008, shareholder activists concerned with "poison pill" takeover defenses have sought to make sense of recent Securities and Exchange Commission decisions on whether or not to allow companies to omit pill-related resolutions.

Investors have since late 2005 sought clarification from the SEC on the type of language that will pass muster with agency officials reviewing corporate no-action requests, whereby the SEC will not penalize a company for omitting a shareholder proposal from its proxy statement.

SEC guidance in the beginning of 2006 confounded some proponents with the agency initially denying no-action relief to some companies, but thereafter reversing course. More recently, however, the agency appears to have established a standard with regards to no-action rulings.

Investors and others also are keeping a close eye on new, binding shareholder proposals calling for restrictions on the deployment of pills. The proposals, if passed, hold the promise of forcing the influential Delaware judiciary to weigh in on the legality of pill defenses.

Background

For the 2006 annual meeting season, pill-related proposals were submitted to a number of companies with

established policies on such takeover defenses, asking that they seek investor approval of future pills. In early 2006, the SEC denied no-action relief to requesting companies, including several at which the SEC had granted such relief in 2005, arguing the proposal had been "substantially implemented" because of their policy on pills. Rule 14a-8(i)(10) allows for omission if the resolution has been substantially implemented. In the 2006 cases, the successful shareholder proposals included a request that the company amend its charter or bylaws to incorporate the proposal "if practicable."

In denying no-action relief to Electronic Data Systems (EDS) for example, the SEC noted that "[t]he proposal requests that the board amend its charter or bylaws to require that any future poison pill be redeemed unless it is approved by the affirmative vote of holders of a majority of shares after the poison pill is adopted by the board."

But months later, in March 2006, the SEC reversed its position after several companies requested that the SEC reconsider their no-action request. For example, in the case of EDS, the SEC ruled "We note that there is a substantive distinction between a proposal that seeks a policy and a proposal that seeks a

bylaw or charter amendment. In this regard, however, we further note that the action contemplated by the subject proposal is qualified by the phrase 'if practicable' and that the company has otherwise substantially implemented the proposal."

Along the same lines, Bristol-Myers Squibb sought relief on the grounds that the company had substantially implemented the proposal. The proponent had requested that "the board of directors redeem any future or current poison pill, unless such poison pill is subject to a shareholder vote as a separate ballot item, to be held as soon as may be practicable. Charter or bylaw inclusion, if practicable."

In its ruling, the SEC's Corporation Finance Division staff, who had originally denied relief, granted the company's no-action request upon reconsideration, stating that "there is a substantive distinction between a proposal that seeks a policy and a proposal that seeks a bylaw or charter amendment. In this regard, however, we further note that the action contemplated by the subject proposal is qualified by the phrase "if practicable" and that the company has otherwise substantially implemented the proposal."

Shareholder John Chevedden believes that the SEC's reversal in response to Bristol-Myers Squibb's

no-action challenge had a domino effect, with the SEC granting relief on similar grounds at Borders Group, Home Depot, Honeywell International, Boeing, and EDS.

The SEC's about-face in 2006 meant shareholder critics of poison pills could successfully submit proposals in 2007 and beyond by excluding the phrase "if practicable." That proved to be true in December 2006 when the SEC denied no-action relief to Hewlett-Packard (HP) on a proposal to "adopt a rule that the Board subject any future poison pill to a shareholder vote, as a separate voting item, as soon as possible." The proponent did not include the phrase "if practicable." HP did not have a poison pill in place, but did have a pill policy with a fiduciary out provision. And at HP's meeting, the Rossi family's poison pill proposal received 73 percent support.

But after the HP ruling, the SEC again did an about-face when agency staff granted Honeywell International no-action relief despite proponent Chevedden not including the phrase "if practicable." The proposal requested that the board "adopt a bylaw or charter amendment that any future or current poison pill be subject to shareholder vote as a separate ballot item, to be held as soon as possible." Additionally, the proposal noted that such a vote "could take place" within four months of the adoption of a new poison pill.

Honeywell argued that the proposal was excludable because the board had already "substantially implemented" the shareholder's request in December by adding poison pill restrictions to the firm's bylaws. The company originally adopted a pill policy in 2003. Honeywell distinguished itself from HP by arguing that while both companies have poison pill policies in place, Honeywell actually incorporated its policy into the company

bylaws, thereby satisfying the "substantially implemented" requirement.

Based on the HP and Honeywell rulings, it appears that the SEC will apply a two-pronged test to companies' no-action requests to omit pill proposals: First, did the proponent include the phrase, "if practicable," and, if not, has the company adopted a bylaw or taken other steps to substantially implement the proposal?

Delaware Courts Fail to Set Precedent

A shareholder proposal regarding

Linking poison pills with compensation ... may improve the chances of ... the Delaware courts finally ruling on a binding bylaw proposal.

poison pills submitted to CA (formerly Computer Associates) for that company's 2006 annual meeting could have ultimately helped establish a legal precedent clarifying the issue surrounding "binding bylaw" proposals regarding poison pills.

At CA, Harvard Law School Professor Lucian Bebchuk submitted a shareholder proposal to amend the company's bylaws, essentially requiring unanimity among directors to adopt a poison pill, and requiring CA's board to review the continued advisability of any poison pill each year. Bebchuk's proposal further provided that the proposal "shall not apply to any Stockholder Rights Plan

ratified by the stockholders." In addition, the Bebchuk proposal provided that "a decision by the Board of Directors to amend or repeal this Article shall require the affirmative vote of all the members of the Board of Directors." Thus, the Bebchuk proposal permitted the CA board to override the shareholder-promulgated bylaw with a board-approved bylaw.

Nevertheless, CA opposed the proposal arguing it restricted the board's ability to effectively use any poison pill. The Islandia, New York-based firm argued that the proposal was invalid under Delaware law, obtained a legal opinion from a Delaware law firm supporting the position, and requested no-action relief from the SEC to exclude the proposal from its proxy statement on the grounds that the bylaw would violate state law.

In response, Bebchuk filed a legal action in Delaware requesting a declaratory judgment that the proposal was valid under Delaware law. Subsequently, the SEC rejected CA's no-action request, noting "that litigation is pending in the Delaware Court of Chancery" and expressing "no view with respect to CA's intention to omit the [proposal] from the proxy materials relating to its next annual meeting of security holders."

Vice Chancellor Stephen Lamb of the Delaware Court of Chancery declined to rule on Bebchuk's request for a declaratory judgment, however, on the basis that the dispute over the Bebchuk proposal had not satisfied the legal doctrine of "ripeness." Vice Chancellor Lamb held that the dispute was not ripe, because it had not become sufficiently concrete given the possibility that shareholders could reject or fail to approve the Bebchuk proposal at CA's stockholder meeting.

As a result, CA effectively was required to include the proposal in its

SEC Can Now Defer to Delaware on Legal Questions

The U.S. Securities and Exchange Commission will now be able to defer questions related to Delaware corporate law to the Delaware Supreme Court, following an amendment to the Delaware Constitution announced May 15.

"Our motivation is to advance a direct interpretation of Delaware law," Delaware Supreme Court Chief Justice Myron Steele said in a statement. "It reaffirms that we work with the federal government in corporate governance for the benefit of shareholders and companies."

The court, considered by many one of the most sophisticated courts in the country on business law issues, will become even more recognized should the SEC defer Delaware-specific corporate issues, experts say. More than half of all publicly traded corporations, and 60 percent of Fortune 500 companies, are incorporated in Delaware, according to state statistics.

While Delaware and SEC officials are welcoming the shift, neither has publicly disclosed what prompted the legislature to amend the state's constitution in May. Lawrence Hamermesh, director of the Widener Institute of Delaware Corporate and Business Law, believes that one possible motivating factor behind the initiative was to "pass the buck" on to Delaware. That is, "it takes [the SEC] out of hot water when they have to make decisions about matters that are controversial politically," he told the *Wilmington News Journal*.

One such controversial matter is that of "proxy access," or the ability of stockholders to nominate individuals to corporate boards. Delaware courts are well placed to provide input on the matter given that state law governs corporate elections while federal securities laws regulate issuer disclosure and the submission of shareholder-sponsored proposals.

Earlier this year, the SEC indicated it would take no position on a request by technology giant Hewlett-Packard to omit a labor union-filed proxy access proposal from its 2007 annual meeting proxy. The commission's indecision followed a September 2006 court decision holding that the commission and insurer American International Group erred by omitting a similar resolution filed by the same proponent. The Hewlett-Packard proposal received the support of roughly 43 percent of votes cast "for" and "against," again giving momentum to an issue that has largely been dormant since early 2005.

— Andrea Musalem

proxy statement for its September 2006 meeting. Ultimately, Bebchuk's proposal was defeated with 55.5 percent of votes cast against. Had shareholders approved the proposal, the Delaware court could have had an opportunity to rule on binding bylaw proposals, as the issue would have then been "ripe" for review.

Delaware General Corporation Law (the governing corporate law for most publicly-traded companies) Section 109 grants authority to shareholders to adopt or amend a company's bylaws unless the charter

allocates such authority solely to the board. DGCL Section 141 states that the business and affairs of every corporation shall be managed by or under the direction of a board of directors. In 1985, the Supreme Court of Delaware ruled that management-adopted poison pills are valid. The court stated that DGCL Section 157 expressly authorized the rights at issue and that there was not any indication in the statute that such rights were required to be used only for a corporate financing purpose rather than as a takeover defense. The

court also found that Section 141(a) providing a company's board with power to manage the business and affairs of the company supported the use of the pill.

Thus, while management's use of a poison pill and any management-sponsored amendment to the pill is valid under the auspices of Section 141(a), it still remains to be seen whether in Delaware, a shareholder-sponsored bylaw amendment to a company's poison pill is valid pursuant to Section 109 or whether it is considered usurping the board's authority to manage the business and affairs of the company.

Novel Alternative to Binding Bylaw Proposals

In 2007, Bebchuk submitted a shareholder proposal for the Walt Disney Company's 2007 annual shareholder meeting on almost identical terms as the one he submitted to CA. However, under the Disney proposal, Bebchuk requested that, "...the adoption of a stockholder rights plan...or the amendment of any such Stockholder Rights Plan ... shall require the affirmative vote of 75 percent of the members of the Board of Directors," which was a lower threshold than the CA proposal that required board unanimity.

After signaling in the proxy statement that it has not had a poison pill in place since 1999, Disney further argued that Bebchuk's, "requirement for a 75 percent vote of the Board to adopt a plan would permit a relatively small number of directors (as few as three on an eleven member Board) to block a plan. A small group of directors representing special interests (including possibly representatives of an acquiring company) could therefore block action that other directors believe is in the best interests of shareholders."

Bebchuk likely lowered the threshold for vote approval, from 100

percent at CA to 75 percent at Disney, believing that shareholders are more likely to support the proposal with a threshold that is lower but still would require "supermajority" board endorsement. The voting requirement for passage of Bebchuk's Disney proposal was approval by two-thirds of the outstanding shares. Bebchuk failed to obtain the necessary approval at the March 8 meeting with 43 percent of shares outstanding voting in favor.

This year, Bebchuk also submitted similar proposals to Halliburton, Chevron, El Paso, and Time Warner. Bebchuk reverted back to his original CA proposal with regards to filings at

Halliburton and Chevron, requiring board unanimity for approval of a poison pill that has not been ratified by shareholders. At El Paso and Time Warner, however, Bebchuk formulated an interesting twist by combining two corporate governance issues; poison pills and director pay. Bebchuk's proposals essentially requested that, if the board approves a pill or an amendment to the plan--and in Time Warner's case, a pill plan with a term exceeding one year--without shareholder approval (what he refers to as a "policy-abandoning decision"), then director compensation must be ratified by shareholders.

Vote results for all four proposals

were unavailable as this article went to press.

Linking poison pills with compensation (a hot button issue for shareholders this year) may improve the chances of the proposal passing, and the Delaware courts finally ruling on a binding bylaw proposal. Last year, shareholders passed a bylaw proposal calling on Hilton Hotels to redeem or allow shareholders to vote on its pill.

According to an 8-K filed March 27, the company amended its bylaws to require a shareholder vote to enact a pill, but with a fiduciary out clause. The 2006 shareholder proposal called for an investor vote before deployment of any pill.

— *Andrea Musalem*

Politicians Face Uphill Climb to Regulate Hedge Funds, Private Equity

Growing concern over the influence of activist hedge funds and private equity in Europe has prompted several governments there to tighten shareholding disclosure requirements and debate additional steps to better monitor such investors.

Although much of the debate concerning such investors has focused on the market risks posed by their investment strategies and complex ownership structures, socialists groups in the European Union parliament and others in the center-left are expressing worries that their brand of shareholder activism, and the increased use of leveraged buyouts, could negatively affect stakeholders and adversely impact the long-term prospects for investment and expansion in some of the continent's most important companies and industries.

A few recent high profile events--including the breakup of Dutch banking giant ABN AMRO and the

restructuring of German photo-processor CeWe Color--have helped to draw public attention to the activities of hedge funds in particular.

In February, The Children's Investment Fund (TCI), a London-based hedge fund, called on ABN Amro management to explore a sale and other options to enhance shareholder value. That sparked an angry response from some lawmakers and government officials, including Dutch central bank president Nout Wellink, who dubbed the hedge fund's demand "a bridge too far."

TCI made waves in 2005 when it engineered the ouster of Deutsche Börse's CEO over what it argued was his inflated offer for rival London Stock Exchange. The ouster provoked strong reactions in Germany, leading a number of left- and center-leaning politicians to demand serious regulation of hedge funds, and one to famously brand the loosely regulated pools of capital as "locusts."

But despite calls for tighter regulation, pan-European reforms remain elusive due to a rift between regulators in the U.K., where 21 percent of the world's hedge fund assets are located, and those in continental Europe, where most of the target companies are located.

To date, the only concrete steps to clamp down on such investors have come at the national level. On May 30, for example, the Dutch corporate governance commission introduced a proposal that would lower the minimum threshold for public disclosure of shareholdings in any company from 5 percent to 3 percent.

The proposal may also require investors to hold at least 3 percent of share capital in order to file resolutions at a company's annual meeting, and shareholders who cross the 3 percent ownership threshold may also be required to declare their intentions, according to officials at the Nether-

lands Authority for Financial Markets. The lowering of the disclosure threshold would bring the Netherlands in line with levels now evidenced in the U.K. and Germany.

Similarly, the upper house of parliament in Switzerland recently passed a law which, in addition to lowering the shareholding disclosure minimum to 3 percent, would also require all companies to disclose their conversion rights, disposal rights, swap arrangements and other derivative holdings, with noncompliance resulting in a suspension of voting rights.

These beefed-up disclosure requirements are specifically intended to prevent situations where investors are able to build up ownership positions over a period of months without notice and at a low cost. That, analysts say, has been a preferred strategy of some hedge funds and private equity groups.

The new rules are designed to give companies "a great deal of certainty in case they are being targeted" for a takeover, Swiss Finance Minister Hans-Rudolf Merz told Bloomberg News.

Some European lawmakers, including Germany's Finance Minister Peer Steinbrück, would like to go even further by encouraging hedge funds to adopt a "voluntary code of conduct" by the end of the year.

Steinbrück told the *Financial Times Deutschland* that "hedge funds should regard a code of conduct as a seal of approval," such that institutional shareholders with stakes in hedge funds will be able to assure their members that their money has been invested safely. Critics of a code of conduct argue it would be used to limit activism and better equip governments to thwart unwelcome takeover bids.

While European governments have been introducing new disclosure requirements, politicians on the

European left have been pushing for more sweeping reforms. A recent publication from the Party of European Socialists (a group that represents social democratic and labor parties in the European parliament) criticized hedge funds and private equity for overemphasizing cash flow and short term gains while ignoring the long-term consequences to their takeover targets, including the rights of workers in acquired companies.

The report concludes that the use of leveraged buyouts in particular hurts targeted companies because it often leads to massive restructuring

The new [Swiss] rules are designed to give companies "a great deal of certainty in case they are being targeted," for takeover ...

and the sale of non-core assets, as well as the incurring of significant debt, which hurts the targeted company's ability to invest in the long term. The report recommends that hedge funds and private equity be required to disclose, among other things: their returns; investment strategy; details of their assets; and management incentive structure, in order to allow outside parties to assess risk, and perhaps anticipate future acquisitions.

Starting in the fall, the party plans to work closely with trade unions and national parliamentary members to try to push through legislation at the national level.

It remains to be seen whether the type of large-scale changes proposed by the Socialists will garner much political support outside of their base, though at present it does not appear likely that some hedge fund and private regulation--beyond changes to shareholding disclosures--will be forthcoming.

European Commission (EC) Internal Markets boss Charlie McCreevy said earlier this year that the EC would not seek to regulate such investors. Those sentiments were echoed more recently when the heads of the Group of Seven industrialized nations met in June, despite calls from Germany for stricter controls.

That thinking may change, however, in the event hedge funds or private equity groups adversely impact one or more European capital markets. The Organization for Economic Cooperation and Development (OECD), among others, now warns that a very real possibility exists for a major economic meltdown if multiple large alternative investors are hit hard by a downturn, or if multiple private investors pull out of a similar investment strategy at the same time.

Warnings aside, however, the influential OECD has so far rejected calls to develop a code specific to hedge funds and private equity, calling instead for the promotion of dialogue.

"A close dialogue with the hedge fund and private equity industry on corporate governance is essential," Marcello Bianchi, chair of the OECD Steering Group on Corporate Governance, said in a statement. "We will therefore compare all the voluntary standards that are already out there and look for ways to develop a dialogue with representatives from the industry about key corporate governance issues."

— *Matthew Roberts*

Investors, Issuers Await Tokyo Court Ruling on Pills

A forthcoming court ruling on a foreign investor's request to bar condiments maker Bull-Dog Sauce from deploying its "poison pill" takeover defense holds the promise of measurably altering Japan's market for corporate control.

The court's decision will have far-reaching implications for merger and acquisition activity in Japan while also signaling to investors how seriously the world's second-largest capital market views the rights of shareholders, governance observers say.

"This will be a seminal case," Scott Jones, a corporate lawyer at the Tokyo office of Jones Day, told *The Wall Street Journal*. "It will shape the playing field."

At issue is the pill adopted by Tokyo-based Bull-Dog Sauce in response to a bid last month from activist fund Steel Partners Japan Strategic Fund (Offshore). The defense specifically targets Steel Partners, whereby the company could issue warrants to selectively dilute the fund's stake from a current 10.5 percent to less than 3 percent.

Provisions within the plan bar Steel Partners from converting warrants into shares unlike other shareholders would be allowed to do. The fund would be entitled to 396 yen per share, or roughly 23 percent of the value of its current tender offer to shareholders, though provisions also allow the company to forgo a cash award, leaving the fund with little more than worthless paper.

Fund officials have branded the pill discriminatory and in contravention to Japanese company law, which requires equal treatment for all shareholders.

Bull-Dog Sauce, whose trademark

Worcester-style sauce is a fixture in most Japanese kitchens, rebuffed the Steel Partners offer on June 7, saying it would damage "corporate value and the collective interests of shareholders." Management is defending the pill as "legal and appropriate."

Steel Partners is calling on shareholders to vote against a proposal authorizing the pill's deployment at the company's June 24 annual meeting. Those calls are being buttressed on the legal front where the fund has filed an injunction request with the Tokyo District Court to keep the company from installing the pill if shareholders approve the measure.

Analysts suggest the court's decision may hinge on how it views the fund's May 18 offer for the company. Specifically, deliberations will likely center on whether the fund is strictly seeking control, or is attempting to use the bid to achieve short-term gains in a practice known as "greenmail."

Greenmailing, by definition, precludes other investors from seeing the same financial benefits as those of the bidder, which, under terms of the Bull-Dog Sauce offer, would not be the case. The fund also says it has held a stake in Bull-Dog Sauce since 2002.

Steel Partners has in recent years bid on a handful of Japanese companies that saw their stock price spiral upwards on news of the offer or the potential for a "white knight" entrant. While never successful in achieving control, the fund has walked away with a tidy profit in virtually every case, either through the sale of portions of its stake, or through defensive management actions to enhance value such as through

increased dividends.

That history is not lost on Steel Partners head Warren Lichtenstein. The normally media-shy investor has spent much of the past two weeks defending the strategic outlook of his fund's bid while seeking to counter his portrayal in the Japanese media, which has in recent weeks highlighted his aggressive manner of investing.

"Many so-called activists force changes at a company and then sell their entire investment to reap short-term gains. This is not Steel Partners' investment style," Lichtenstein said at a June 12 media briefing, according to *Business Week*.

Public opinion is running strongly against Lichtenstein. One observer noted how TV Asahi dubbed the fund manager in Japanese with a sinister voice arrogantly asserting that he "needs to educate the Japanese public" about why Bull-Dog Sauce's defense is both illegal under Japanese law and unacceptable to international capital markets.

Japan's courts have twice ruled against the use of pills or the issue of diluting warrants. In 2005, a court barred control and measuring systems manufacturer Nireco from deploying its pill without shareholder approval. However, in its decision, the court noted that pills could be allowed if they were used to defend against greenmailers.

Foreign investors worry that should the court decide in favor of the company, Japanese boards, overwhelmingly made up of insiders, will view the decision as a green light to selectively determine who their shareholders should be. That, analysts say, will have broad implications for Japan's capital markets.

"Japan [would be] going back to

the dark ages," one corporate lawyer told the *Financial Times*. "It will really depress the stock market."

Conversely, a ruling in favor of Steel Partners may embolden activist funds to further press for change, a trend evidenced already this year. Between 2004 and 2006, ISS' Governance Research Service (GRS) tracked just 18 shareholder proposals calling on Japanese companies to boost dividends. This year, foreign activist funds alone--who prior to this proxy season have never before circulated shareholder proposals of any kind at Japanese firms--have submitted nearly half that number.

Meanwhile, non-Japanese investors have raised their holdings in Japanese companies to an all-time high, the *Financial Times* reports. International investors increased their stake in Japan's stock market to 28

percent in March from just over 26 percent in 2006 and just 4.7 percent in 1990, according to figures released by the Tokyo Stock Exchange and four smaller Japanese exchanges.

The expiration of the Steel Partners tender offer was pushed back from June 28 to Aug. 10 in what analysts say is a bid to give the courts more time to weigh in. The fund also raised its May 18 offer from 1,584 yen per share--an 18.6 percent premium to the May 16 share price--to 1,700 yen per share.

"Lichtenstein appears to be doing everything in his power to assure that the pill is triggered," notes John Taylor, a Japan specialist and principal researcher of GRS.

Taylor notes that Japan's poison pills, with few exceptions, provide virtually unchecked discretion to management on whether to use the

defenses to protect their jobs. Only a tiny minority of firms set up board-level committees of nonexecutive directors to identify permissible bids. Still, virtually all of Japan's other pill plans have been adopted in time of peace, without an obvious hostile bidder on the horizon.

To allow Bull-Dog's last-minute adoption of a defense with no such check, only after a struggle for control has already begun, would appear to place the rest of Japan's pills -- still accounting for not much more than 10 percent of publicly traded firms after this year's surge -- on a firmer legal footing than ever before. "If that happens," Taylor warns, "blatantly management-entrenching pill defenses will predictably become standard features of Japanese corporate policy."

— Subodh Mishra

European Union Presses Forward on Ensuring Shareholder Rights

The European Commission, the executive arm of the European Union, has formally adopted an EU-wide directive on ensuring the rights of shareholders, and is now seeking comment on a proposed supplement to the directive to address stock lending and other concerns.

Brussels announced June 12 that the European Council had formally adopted its directive, dubbed *Fostering an Appropriate Regime for Shareholder Rights*, which was first proposed in January 2006. The EU parliament approved a draft of the bill in February after modifications to the original proposal.

"These new rules will mean that shareholders, no matter where they are located in the EU, can have their

say about the way companies are run and can hold management accountable," EC Internal Markets and Services Commissioner Charlie McCreevy said in a statement. "This is good news for all shareholders, for the integration of EU financial markets, and for the economy as a whole."

According to EC officials, the directive helps ensure that investors will have "timely access to ... relevant information" ahead of a general meeting of shareholders and will simplify the "means to vote at a distance."

For example, the directive sets a minimum notice period of 21 days for most shareholder meetings, which can be reduced to 14 days where "share-

holders can vote by electronic means and the general meeting agrees to the shortened convocation period." The provision, notably, differs from the original January 2006 proposal, which called for 30 days' notice for all meetings.

The directive calls for the publication of proxy materials via the Internet at least 21 days before the meeting, and for the disclosure of vote results via the issuer's Web site.

Additionally, the new rules allow for the submission of proposals at special meetings for holders of more than 5 percent of a company's outstanding common stock. The draft rules included the 5 percent threshold as well as a more modest limit allowing holders of stakes worth at least €10

million (\$12 million) to file resolutions, however.

In a bid to ease concerns over shareblocking, whereby companies can freeze the trading of shares in the days leading up to a shareholder meeting, the directive includes a requirement for companies to use proxy voting record dates. Observers note, however, that holders of a company's stock on the date of record can vote their shares even if the stock is later sold before the meeting date. That flexibility may stimulate greater hedge fund activism at European companies, critics of the system contend.

The EC is now pressing ahead with a supplement to the directive that would address lingering investor concerns such as those tied to proxy material disclosure and stock lending.

Officials are now seeking comment on a number of potential proposals including one concerning the language of publication for proxy materials. EC officials note that while companies are allowed to post proxy materials in multiple languages in addition to that of the home market, few to date are doing so. "This means that communication costs for issuers are low but information costs are high for actual and potential-cross border shareholders," the commission notes.

The EC is now asking interested parties whether companies should be required to make available proxy materials "in a language customary in the sphere of international finance," unless shareholders decide otherwise. Officials say they are mindful of the potential burden for smaller issuers, and would consider allowing companies to opt out of such a requirement based on size and the level of foreign investor holdings.

Comments on stock lending also are being sought. The practice has been scrutinized in recent years, EU officials say, over concerns that some investors actively borrow stock so

they can influence voting at shareholder meetings. Consequently, the commission intends to ask whether borrowed shares should be kept from voting, except in those cases where the voting rights are exercised in accordance with instructions of the lender.

Comments on the commission's proposals are due by July 27.

Meanwhile, shareholder rights received something of a setback following the recent publication of an EC commissioned study that found that "control-enhancing mechanisms," such as multiple voting rights and voting right limitations, have little effect on a company's financial performance and governance.

The study's findings may blunt efforts by some investor advocates to promote the "one-share, one vote" principle at the European Union level, analysts say. In the past, Internal Markets head McCreevy has voiced support for the principle, though comments following the release of the study suggest that support may be waning.

"Previously, we didn't have a clear picture of how this issue affects European listed companies and whether it has an impact on their economic performance," McCreevy said in a June 4 press release announcing the study's findings. "Now that these facts are on the table we will examine, with an open mind, the question of whether there is a need for Commission action in this field."

The EC has in recent years weighed the merits of two distinct approaches addressing concerns over the use of control-enhancing mechanisms. One has centered on the so-called proportionality approach to shareholder rights, underpinned by the one-share, one-vote principle, while the other centers on the principle of the freedom of contract, whereby companies can choose the capital structure they deem most

appropriate, and investors can choose to invest or overlook the stock.

The study, which examined 464 listed European companies and the regulatory framework in 16 EU jurisdictions as well as Australia, Japan, and the United States as comparators, found that control-enhancing mechanisms are widely available in all of the markets studied. That, the report's authors say, suggests the principle of freedom of contract is rooted in all legal cultures.

The study found France, Sweden, Spain, Hungary, and Belgium to be countries with the highest proportion of companies featuring at least one mechanism and that all five have a majority of firms featuring the mechanisms. Interestingly, the study also gauged investor attitudes toward control-enhancing mechanisms, finding that 80 percent of respondents expect a discount ranging from 10 percent to 30 percent.

— *Subodh Mishra*

Institutional Shareholder Services' Checklist of 2007 Shareholder Resolutions

The following is a list of corporate governance shareholder proposals filed at 2,000 major U.S. corporations known to ISS as of June 15, 2007. Included are proposals that have been challenged at the SEC on substantive grounds, and proposals withdrawn after being filed. The "Status" column indicates the current status of the proposals or, if available, the voting support. See the explanation of abbreviations, footnotes and SEC staff decisions at the end of the Checklist.

Company	Resolution	Sponsor/Coordinator	Mtg Date/Status	Footnote
3M Co	Establish outside director qualifications	Rossi Family	not in proxy	# (I-8)
	Link pay to performance	UBCJA	awaiting tally	
	Eliminate supermajority provision	Rossi Family	omitted	# (I-10)
Abbott Laboratories	Repeal classified board	Kessler, L.	withdrawn	# (I-10)
	Link pay to performance	UBCJA	withdrawn	
	Separate chairman/CEO	Cath. Healthcare West	15 %	(pre)
	Advisory vote on compensation	UUA	40 %	# (pre)
ABX Air, Inc.	- Approve/disclose/limit SERPs	Ziebarth, W.	awaiting tally	
	Link pay to performance	Teamsters	awaiting tally	
Adobe Systems Inc.	- Require equity awards to be held	AFSCME	28.6 %	(pre)
Aetna Inc.	Nominate executive retiree to the board	Aetna Retirees Associatio	3.7 %	(pre)
	Majority vote to elect directors	IBEW	withdrawn	
	Adopt cumulative voting	Davis, E.	18 %	(pre)
Affiliated Computer Services, Inc.	Advisory vote on compensation	AFSCME	awaiting tally	##
AFLAC Incorporated	Advisory vote on compensation	Boston CAM	withdrawn	
Alaska Air Group, Inc.	Governance Authority	Nieman, S.	not in proxy	# (I-3)
	Vote on future poison pill	Chevedden, J.	awaiting tally	
	Adopt cumulative voting	Stromberg, Brian	awaiting tally	
	Independent board chairman	Hollister, B.	awaiting tally	
	Shareholders may call special meeting	Dayton, T.	awaiting tally	
	Shareholders recover proxy contest costs	Davidge, W.	awaiting tally	
Allegheny Energy, Inc.	Add performance criteria to equity-based awards	Premoshis, James	51.7 %	(P) (pre)
	Majority vote to elect directors	UBCJA	50.2 %	(I-10) (P) (pr
	Majority vote to elect directors	Medice, T.	omitted	# (I-11)
	Separate chairman/CEO	Chevedden, J.	awaiting tally	
	Shareholders may call special meeting	Lavelly, R.	57 %	(P) (pre)
	Advisory vote on compensation	Whalen, R.	omitted	# (I-3)
Alliant Energy Corp.	Link pay to performance	Sheet Metal Workers	withdrawn	

Company	Resolution	Sponsor/Coordinator	Mtg Date/Status	Footnote
Allied Waste Industries, Inc.	Majority vote to elect directors	Teamsters	56 %	(P) (pre)
AltiGen Communications, Inc.	Create Value Enhancement Committee	Birmingham, Douglas	omitted	(I-7)
Altria Group, Inc.	Adopt cumulative voting	Rossi Family	25.1 %	
AMB Property Corp.	Link pay to performance	UBCJA	39.6 %	(pre)
American Express Co.	- Approve/disclose/limit SERPs	UBCJA	withdrawn	
	Majority vote to elect directors	Sheet Metal Workers	withdrawn	
	Adopt cumulative voting	Davis, E.	28.5 %	
American International Group, Inc.	3/4 of Independent directors must approve executive compensation	Bebchuk, L.	not in proxy	(B)
	Add performance criteria to equity-based awards	Steiner, W.	awaiting tally	
	Advisory vote on compensation	Mercy Investment	not in proxy	
Amgen, Inc.	Majority vote to elect directors	IBEW	withdrawn	
	Repeal classified board	Steiner, W.	withdrawn	
AMR Corp.	Add performance criteria to equity-based awards	Haddon, P.	awaiting tally	
	Adopt cumulative voting	Davis, E.	awaiting tally	
	Shareholders may call special meeting	Chevedden, J.	54 %	(P) (pre)
	Advisory vote on compensation	Allied Pilots Association	awaiting tally	
Analog Devices, Inc.	Majority vote to elect directors	UBCJA	38.8 %	
	Award performance-based stock options	Laborers	44 %	
	Reform option grant practices	LongView	withdrawn	
Anheuser-Busch Companies, Inc.	Majority vote to elect directors	Steiner, W.	omitted	# (B-1)
Anthracite Capital, Inc.	Cap executive pay	Morse, R.	omitted	# (H-3)
Apache Corp.	Repeal classified board	Kessler, L.	withdrawn	
	Shareholders recover proxy contest costs	AFSCME	awaiting tally	## (I-3)
Apple, Inc.	Majority vote to elect directors	UBCJA	not in proxy	
	- Require equity awards to be held	AFSCME	awaiting tally	
	Link pay to performance	Teamsters	awaiting tally	
	Reform option grant practices	LongView	47 %	(pre)
	Advisory vote on compensation	AFL-CIO	46 %	(pre)
Archstone Smith Trust	Link pay to performance	Massachusetts Laborers' P	awaiting tally	
Arkansas Best Corp.	Repeal classified board	LongView	63.8 %	(P)

Company	Resolution	Sponsor/Coordinator	Mtg Date/Status	Footnote
Arrow International, Inc.	Mandatory director retirement	McNeil Jr., Robert	January	+ (I-8)
Ashland Inc.	Majority vote to elect directors	CLPWA	43.6 %	
Astronics Corp.	Eliminate dual class stock	McIntyre, D. & A.	awaiting tally	
AT&T Inc	- Approve/disclose/limit SERPs	UBCJA	32.1 %	
	Majority vote to elect directors	Rossi Family	omitted	# (I-10)
	Link pay to performance	Laborers	31.9 %	# (I-2)
	Cap executive pay	Morse, M.	omitted	# (B-1)
	Eliminate supermajority provision	Chevedden, R.	omitted	# (I-10)
	Shareholders may call special meeting	Steiner, W.	65.6 %	## (P)
	Advisory vote on compensation	Brockman, Bruce	43.8 %	##
Autodesk, Inc.	Majority vote to elect directors	UBCJA	withdrawn	
AutoNation, Inc.	Shareholders may call special meeting	Chevedden, J.	awaiting tally	
Avaya Inc	Link pay to performance	Pennington, P.	32 %	##
Avery Dennison Corp.	Majority vote to elect directors	UBCJA	withdrawn	
Avis Budget Group, Inc	Combine CEO and President positions	Rossi Family	withdrawn	# (I-1)
Avista Corporation	Repeal classified board	Osborn, John	omitted	# (I-10)
Avon Products, Inc.	Majority vote to elect directors	IBEW	withdrawn	
	Link pay to performance	UBCJA	awaiting tally	
Axcelis Technologies Inc	Repeal classified board	NYC funds	awaiting tally	
Baker Hughes Incorporated	Eliminate supermajority provision	Rossi Family	omitted	# (I-10)
Bank of America Corp.	Amend dividend reinvestment plan	Murphy, Thomas	omitted	# (I-7)
	Redeem or vote on poison pill	Chevedden, J.	not in proxy	# (I-10)
	Majority vote to elect directors	UBCJA	withdrawn	
	Change annual meeting	Coleman, Frank	omitted	# (I-7)
	Abolish stock options	Davis, E.	3.9 %	
	Independent board chairman	Rossi Family	16.5 %	
	Shareholders may call special meeting	SEIU	withdrawn	
	Shareholders may call special meeting	Chevedden, R.	withdrawn	
	Set board size	Ramsey, J.	3 %	#
Beazer Homes USA, Inc.	Majority vote to elect directors	Laborers	withdrawn	
Becton, Dickinson and Company	Adopt cumulative voting	Davis, E.	42.1 %	

Company	Resolution	Sponsor/Coordinator	Mtg Date/Status	Footnote
Bed Bath & Beyond Inc.	Increase efforts to diversify board Advisory vote on compensation	Cath. Healthcare West AFSCME	withdrawn 7/10/2007	
Belo Corp.	Repeal classified board	NYC funds	awaiting tally	
Bemis Company, Inc.	Link executive pay to social criteria	Du Pont Workers	awaiting tally	## (I-7)
BJ Wholesale Club, Inc	Majority vote to elect directors	UBCJA	pending	
Blockbuster, Inc.	Eliminate dual class stock Advisory vote on compensation	Deephaven Capital Mana NYC funds	awaiting tally 57 %	(P) (pre)
Borders Group, Inc.	Majority vote to elect directors Independent board chairman Separate chairman/CEO Shareholders may call special meeting	Sheet Metal Workers Chevedden, J. Chevedden, J. Steiner, W.	withdrawn omitted awaiting tally 68 %	# (I-10) (P) (pre)
Borg-Warner, Inc.	Majority vote to elect directors	UBCJA	55 %	(P) (pre)
Boston Properties Inc.	Repeal classified board	Davis, E.	awaiting tally	
Boston Scientific Corp.	- Require equity awards to be held	AFSCME	awaiting tally	
Bristol-Myers Squibb Co.	Majority vote to elect directors 3/4 of Independent directors must approve executive compensation Disclose executive compensation Adopt cumulative voting Recoup Unearned Mgt. Bonuses Advisory vote on compensation	Miller, C. Bebchuk, L. Davis, E. Steiner, W. Steiner, K. AFSCME	not in proxy withdrawn 8.7 % 47.6 % 9.5 % withdrawn	## (I-10) (B) (pre) (pre) (pre)
Broadcom Corp.	Reform option grant practices	Teamsters	awaiting tally	
Brocade Communications Systems	No nominee who opposed supermajority	Calpers	omitted	# (I-8)
Brooks Automation, Inc.	Reform option grant practices	LongView	withdrawn	
Burlington Northern Santa Fe Corp.	Majority vote to elect directors Advisory vote on compensation	Teamsters Rossi Family	withdrawn omitted	# (I-3) # (I-3)
Cadence Design Systems, Inc.	Majority vote to elect directors	UBCJA	49 %	# (pre)
Capital One Financial Corp.	Majority vote to elect directors Advisory vote on compensation	UBCJA Marianists/St. Louis	withdrawn 38.1 %	##
Capital Senior Living Corp.	Sell the company	Mercury Real Estate	awaiting tally	# (I-7)

Company	Resolution	Sponsor/Coordinator	Mtg Date/Status	Footnote
Caterpillar Inc.	Majority vote to elect directors	UBCJA	awaiting tally	(B)
	Repeal classified board	Chevedden, J.	not in proxy	
	Separate chairman/CEO	Mercy Investment	awaiting tally	
Centerpoint Energy Inc.	Repeal classified board	Mathis, H.	awaiting tally	
	Link pay to performance	Sheet Metal Workers	withdrawn	
CenturyTel, Inc.	Survey on executive pay as excessive, appropriate, too low	CWA	awaiting tally	
Chesapeake Corp.	Link pay to performance	NYC funds	awaiting tally	
	Study/sell company	Karch Capital	not in proxy	# (B-1)
Chevron Corporation	Establish outside director qualifications	Kaplis, Hilda	omitted	# (C)
	Eliminate supermajority provision	Kessler, L.	omitted	# (I-10)
	Separate chairman/CEO	AFL-CIO	11.1 %	(pre)
	Poison pill policy	Bebchuk, L.	awaiting tally	(B)
Cincinnati Bell Inc.	Survey on executive pay too high, low or adequate	CWA	withdrawn	# (I-11)
	Reincorporation	Sheet Metal Workers	withdrawn	
	Advisory vote on compensation	Calpers	not in proxy	
Cincinnati Financial Corp.	Reincorporation	UBCJA	withdrawn	
Citigroup Inc.	Minimum vesting requirement	Carlevaro, John G.	awaiting tally	
	Majority vote to elect directors	Mathis, H.	withdrawn	
	Adopt cumulative voting	Steiner, K.	18.2 %	
	Independent board chairman	Dee, R.	20.9 %	
	Cap executive pay	Longino III, George F.	25 %	(pre)
	Shareholders may call special meeting	Steiner, W.	61.9 %	## (B-1) (P)
	Advisory vote on compensation	AFSCME	46.2 %	
	Advisory vote on compensation	Chevedden, R.	omitted	# (I-3)
Citizens Communications Co.	Survey on executive pay as excessive, appropriate, low	Smith, Michael	not in proxy	# (B-2)
Citrix Systems, Inc.	Majority vote to elect directors	UBCJA	May	
Clear Channel Communications, Inc.	Golden parachutes	LongView	withdrawn	
	Link pay to performance	Sheet Metal Workers	awaiting tally	
	Increase compensation committee Independence	NYC funds	awaiting tally	
	Advisory vote on compensation	UUA	awaiting tally	
Coca-Cola Enterprises Inc.	Vote on future golden parachutes	Teamsters	awaiting tally	

Company	Resolution	Sponsor/Coordinator	Mtg Date/Status	Footnote
Colgate-Palmolive Co.	Majority vote to elect directors	Rossi Family	not in proxy	
	Link pay to performance	UBCJA	36.8 %	(pre)
	Shareholders may call special meeting	Steiner, W.	64 %	(P) (pre)
Comcast Corp.	Redeem or vote on poison pill	Kessler, L.	withdrawn	# (E-2)
	Report on compensation	Granata, Joseph	awaiting tally	(B-1)
	Abolish stock options	Davis, E.	awaiting tally	
	Independent board chairman	Dee, R.	awaiting tally	
	Eliminate dual class stock	CWA	awaiting tally	
	Advisory vote on compensation	Sponcer, John	awaiting tally	
Comerica Inc.	Majority vote to elect directors	UBCJA	withdrawn	
Community Health Systems, Inc.	Link pay to performance	Laborers	awaiting tally	
ConocoPhillips	Majority vote to elect directors	UBCJA	not in proxy	(B)
	Establish outside director qualifications	Kay, Sydney	awaiting tally	
Consolidated Edison, Inc.	Disclose executive compensation	Davis, E.	awaiting tally	
Constellation Energy Group, Inc.	Repeal classified board	IBEW	withdrawn	
Continental Airlines, Inc.	Add performance criteria to equity-based awards	Chevedden, J.	awaiting tally	
Convergys Corp.	Reincorporate to U.S. state	UBCJA	59.5 %	(P)
Cooper Tire & Rubber Co.	Majority vote to elect directors	NYC funds	not in proxy	
	Golden parachutes	IBEW	withdrawn	
Corning Inc.	Repeal classified board	Steiner, K.	73 %	(P) (pre)
	Link pay to performance	UBCJA	withdrawn	
Countrywide Financial Corp.	Advisory vote on compensation	AFSCME	31.7 %	(pre)
Crawford & Co.	Sell the company	Steiner, W.	awaiting tally	
Credence Systems Corp.	Link pay to performance	NYCERS	55.1 %	(P)
Crown Holdings, Inc.	Cap executive pay	Morse, R.	2.8 %	## (B-1)
CSX Corp.	Majority vote to elect directors	Teamsters	63.4 %	(P) (pre)
	Vote on future golden parachutes	IBEW	60.9 %	(P) (pre)
	Cap executive pay	Morse, M.	awaiting tally	
	Shareholders may call special meeting	Rossi Family	67 %	(P) (pre)
Cummins , Inc.	Majority vote to elect directors	UBCJA	withdrawn	

Company	Resolution	Sponsor/Coordinator	Mtg Date/Status	Footnote
Cumulus Media Inc.	Repeal classified board	NYC funds	awaiting tally	
CVS Caremark Corp	Majority vote to elect directors	UBCJA	withdrawn	
	Cap executive pay	Shore, Barrie	4.8 %	(pre)
	Hire independent compensation consultant	LongView	44.8 %	(pre)
	Separate chairman/CEO	Steiner, W.	52.7 %	(P) (pre)
	Reform option grant practices	LongView	48.4 %	(pre)
D.R. Horton, Inc.	Majority vote to elect directors	Laborers	41.9 %	
Danaher Corp.	- Require equity awards to be held	AFSCME	awaiting tally	
Deere & Co.	Majority vote to elect directors	UBCJA	withdrawn	
Developers Diversified Realty Corp.	Reincorporation	UBCJA	withdrawn	
Devon Energy Corp.	- Approve/disclose/limit SERPs	UBCJA	not in proxy	
Dollar Tree Stores, Inc.	Eliminate supermajority provision	Calpers	awaiting tally	
Dominion Resources, Inc.	Majority vote to elect directors	UBCJA	withdrawn	
Dover Corporation	Majority vote to elect directors	UBCJA	withdrawn	
Dow Jones & Co., Inc.	Independent board chairman	IAPE	12.1 %	
	Separate chairman/CEO	IAPE	awaiting tally	
DPL Inc.	Reincorporate from Ohio to Delaware	UBCJA	awaiting tally	## (I-3)
	Link pay to performance	Moberly, D.	awaiting tally	+ (I-1)
DTE Energy Co.	Ratify last years pay	Harrison, James	withdrawn	
	Hire independent compensation consultant	Laborers	withdrawn	
Dynegy, Inc.	Link pay to performance	Massachusetts Laborers' P	7/18/2007	
E.W. Scripps Co. (The)	Survey on executive pay as excessive, appropriate or too low	CWA	omitted	# (B-1)
Eastman Chemical Co.	- Approve/disclose/limit SERPs	UBCJA	26.4 %	## (pre)
	Redeem or vote on poison pill	Chevedden, R.	not in proxy	
Eastman Kodak Co.	Cap executive pay	Morse, R.	awaiting tally	## (I-3)
Eaton Corporation	Link pay to performance	UBCJA	withdrawn	
Edison International	Award performance-based stock options	Chevedden, J.	awaiting tally	

Company	Resolution	Sponsor/Coordinator	Mtg Date/Status	Footnote
El Paso Corp	Shareholders may call special meeting	Rossi Family	awaiting tally	
	Poison pill policy	Bebchuk, L.	awaiting tally	(B)
Electronic Data Systems Corp.	Majority vote to elect directors	Chevedden, R.	withdrawn	
	Shareholders may call special meeting	Rossi Family	58 %	(P) (pre)
Eli Lilly and Co.	Allow shareholders to amend bylaws (by majority vote)	Calpers	48.8 %	
	Majority vote to elect directors	UBCJA	withdrawn	
	Eliminate supermajority provision	Steiner, W.	62.6 %	(P)
	Separate chairman/CEO	Adrian Dominican Srs.	31.9 %	
EMC Corp.	Establish independent audit committee	NYC funds	awaiting tally	# (C)
	Majority vote to elect directors	Laborers	44 %	(pre)
	Link pay to performance	UBCJA	awaiting tally	
	Eliminate supermajority provision	Steiner, W.	82 %	(P) (pre)
	Advisory vote on compensation	Calpers	not in proxy	
Emmis Communications Corp.	One vote per share	Martin Capital Manageme	awaiting tally	
Energy East Corporation	Advisory vote on compensation	Rossi Family	omitted	# (I-3)
Entergy Corp.	Majority vote to elect directors	Sheet Metal Workers	withdrawn	(B)
	Cap executive pay	Morse, R.	awaiting tally	+
	Advisory vote on compensation	Rossi Family	omitted	# (I-3)
Equitable Resources, Inc.	Link pay to performance	Sheet Metal Workers	awaiting tally	
Equity Residential	Majority vote to elect directors	UBCJA	awaiting tally	
Exelon Corp.	Vote on future golden parachutes	IBEW	35 %	(pre)
	Repeal classified board	SEIU	not in proxy	
	Cap executive pay	Bastian, G.	omitted	# (I-7)
Express Scripts, Inc.	Reform option grant practices	LongView	not in proxy	

Company	Resolution	Sponsor/Coordinator	Mtg Date/Status	Footnote
Exxon Mobil Corp.	Hire independent comp consultant	AFL-CIO	not in proxy	
	List titles on notice page	Sifferman, T.	not in proxy	#
	2/3 of Independent directors must approve executive compensation	Bebchuk, L.	7.1 %	(B) (pre)
	Link executive pay to social criteria	Northstar	11.6 %	(pre)
	Adopt cumulative voting	Rossi Family	31.9 %	# (B-1) (pre)
	Independent board chairman	RAM Trust	40 %	(pre)
	Cap executive pay	Morse, R.	5.1 %	(pre)
	Shareholders may call special meeting	Steiner, K.	47.7 %	# (B-1) (pre)
	Declare annual dividend	Dill, Jonathan	5.7 %	# (pre)
	Recoup Unearned Mgt. Bonuses	Steiner, W.	47.2 %	# (I-10) (pre)
Advisory vote on compensation	Needmor	41.3 %	(pre)	
F5 Networks, Inc.	Link pay to performance	Sheet Metal Workers	withdrawn	
Fannie Mae	Adopt cumulative voting	Davis, E.		
FedEx Corporation	Advisory vote on compensation	Chevedden, J.	September	
FELDMAN MALL PPTYS INC	Study/sell company	Mercury Real Estate	May	
Fifth Third Bancorp	Maximize shareholder value	Silverman, Howard	omitted	# (I-7)
	Recoup Unearned Mgt. Bonuses	Calpers	not in proxy	
First American Corp.	- Approve/disclose/limit SERPs	UBCJA	withdrawn	
First Data Corp.	Majority vote to elect directors	Sheet Metal Workers	withdrawn	
First Mariner Bancorp	Separate chairman/CEO	Maas, J.	37.8 %	(pre)
FirstEnergy Corporation	Reincorporate from Ohio to Delaware	Sheet Metal Workers	34.9 %	(pre)
	Majority vote shareholder committee	IBEW	40.1 %	(pre)
Fiserv, Inc.	Majority vote to elect directors	UBCJA	withdrawn	
Fluor Corp.	Majority vote to elect directors	Sheet Metal Workers	withdrawn	
Fonar Corp.	Cap executive pay	Morse, R.	3.9 %	
Ford Motor Company	Add performance criteria to equity-based awards	Chevedden, J.	9 %	(pre)
	Disclose executive compensation	Davis, E.	9.8 %	(pre)
	Link executive pay to environmental criteria	Wilson, Frederick P.	omitted	# (I-12)
	Limit option awards	Van Driessche, Orlen	withdrawn	# (E-2)
	Shareholders may call special meeting	Leeds, J.	19.7 %	(pre)
	Eliminate dual class stock	Chevedden, R. & V.	27.4 %	(pre)

Company	Resolution	Sponsor/Coordinator	Mtg Date/Status	Footnote
Fortune Brands, Inc.	Repeal classified board	Rossi Family	68 %	(P) (pre)
	Link pay to performance	UBCJA	32.4 %	(pre)
Gannett Co., Inc.	Repeal classified board	Davis, E.	not in proxy	
	Independent board chairman	Teamsters	awaiting tally	
Gencorp Inc.	Reincorporation	Sheet Metal Workers	withdrawn	
General Dynamics Corp.	Link pay to performance	IBEW	28.8 %	(pre)
	Award performance-based stock options	Chevedden, J.	awaiting tally	
General Electric Co.	Eliminate Dividend Equivalents	CWA	awaiting tally	
	Report on compensation differential	Freeda, William	awaiting tally	##
	Defend accuracy of certifications	Holmes, Sandra	omitted	# (I-4)
	Compensaton in stock	Kreilein, Myron	omitted	# (B-1)
	Majority vote to elect directors	UBCJA	withdrawn	
	Eliminate corporate jet	Wilson, James	omitted	# (I-7)
	Survey on executive pay as excessive, appropriate or too low	CWA	omitted	# (I-1)
	Adopt cumulative voting	Davis, E.	awaiting tally	
	Independent board chairman	Quirini, H.	30.8 %	(pre)
	COLA for pensions	Balyszak, William	omitted	#
	Hire independent compensation consultant	AFL-CIO	withdrawn	
	Limit number of directorships	Steiner, W.	awaiting tally	
Nominate non-executive retiree to board	Mahar, K.	awaiting tally		
General Motors Corp.	Add performance criteria to equity-based awards	Donahue, Donald & Ina	awaiting tally	
	Disclose executive compensation	Davis, E.	withdrawn	
	Vote on future poison pill	Rossi Family	awaiting tally	
	Adopt cumulative voting	Chevedden, R.	26 %	(pre)
	Cap executive pay	Morse, R.	not in proxy	# (B-2)
	Eliminate supermajority provision	Kessler, L.	awaiting tally	
	Limit number of directorships	Seidenberg, M.	awaiting tally	
	Shareholders may call special meeting	Lindaros, James	41 %	(pre)
	Set board size	Lauve, J.	awaiting tally	
	Recoup Unearned Mgt. Bonuses	Chevedden, J.	awaiting tally	
Advisory vote on compensation	Koloski, Philip	not in proxy	#	
Genuine Parts Co.	Eliminate supermajority provision	Rossi Family	withdrawn	
Genzyme Corp.	Majority vote to elect directors	AFSCME	withdrawn	## (B)
	Majority vote to elect directors	UBCJA	withdrawn	
	Vote on future golden parachutes	AFL-CIO	awaiting tally	# (I-9)
Gilead Sciences, Inc.	Majority vote to elect directors	UBCJA	withdrawn	

Company	Resolution	Sponsor/Coordinator	Mtg Date/Status	Footnote
Goodrich Corporation	Link pay to performance	IBEW	35.4 %	
Greater Bay Bancorp	Do not use preferred stock for poison pill	Armstrong, G.	awaiting tally	
H&R Block, Inc.	Independent board chairman	AFL-CIO	September	
Halliburton Co.	Director liability	Harrington Investments	withdrawn	
	Golden parachutes	LongView	not in proxy	# (I-10) (B)
	Vote on future poison pill	Bebchuk, L.	awaiting tally	(B)
Harrah's Entertainment, Inc.	Majority vote to elect directors	Sheet Metal Workers	withdrawn	
Health Care Property Investors, Inc.	Link pay to performance	UBCJA	34 %	(pre)
Hearst-Argyle Television, Inc.	Sell the company	Marathon Ptners	awaiting tally	
HESS CORP	Repeal classified board	AFSCME	awaiting tally	
Hewlett-Packard Co.	Majority vote to elect directors	UBCJA	withdrawn	
	Report on Sarbanes Oxley costs	Action Fund Mgt.	not in proxy	
	Vote on future poison pill	Rossi Family	73.4 %	(P)
	Link pay to performance	Steiner, W.	53.8 %	(P)
	Separate chairman/CEO	Mathis, H.	17.3 %	
	Equal access to proxy	AFSCME	43 %	# (B) (pre)
Hilton Hotels Corp.	Majority vote to elect directors	Sheet Metal Workers	withdrawn	(B)
	Independent board chairman	Bricklayers	awaiting tally	
Home Depot, Inc.	- Approve/disclose/limit SERPs	Laborers	44 %	(pre)
	Add performance criteria to equity-based awards	Mathis, H.	32 %	(pre)
	2/3 of Independent directors must approve executive compensation	Bebchuk, L.	not in proxy	(B)
	- Require equity awards to be held	IBEW	withdrawn	
	Director equity holding requirement	Kay, Sydney	not in proxy	+
	2 nominees for each board seat	Scheffler, Ann	omitted	# (I-3)
	Vote on future poison pill	Chevedden, J.	27.1 %	## (I-10) (pre)
	Independent board chairman	AFSCME	34 %	(B) (pre)
	Independent board chairman	Steiner, W.	withdrawn	(B)
	Link pay to performance	UBCJA	37 %	(pre)
	Maximize shareholder value	Relational Investors	not in proxy	
	Hire independent compensation consultant	AFL-CIO	withdrawn	
	Recoup Unearned Mgt. Bonuses	Steiner, K.	21.6 %	(pre)
	Advisory vote on compensation	NYC funds	43 %	(pre)

Company	Resolution	Sponsor/Coordinator	Mtg Date/Status	Footnote
Honeywell International, Inc.	Redeem or vote on poison pill	Chevedden, J.	omitted	# (I-10)
	Majority vote to elect directors	AFSCME	withdrawn	(B)
	Six Sigma	Webb, Tom	6.5 %	(pre)
	Shareholders may call special meeting	Kreutzer, J.	72 %	(P) (pre)
	Award performance-based stock options	Miller, C.	42.3 %	(pre)
	Increase board independence	SEIU	omitted	# (I-10)
	Recoup Unearned Mgt. Bonuses	Steiner, W.	23.2 %	(pre)
Hovnanian Enterprises, Inc.	Eliminate dual class stock	LongView	1.8 %	
Humana Inc.	Majority vote to elect directors	Sheet Metal Workers	withdrawn	
IMS Health Inc.	Repeal classified board	Rossi Family	75 %	(P) (pre)
Ingersoll-Rand Company Limited	Advisory vote on compensation	AFSCME	pending	
	Advisory vote on compensation	AFSCME	pending	
Ingles Markets, Inc.	Minimum director stock ownership	Mullet, Carol	1.9 %	
Intel Corp.	Cap executive pay	Morse, R.	awaiting tally	##
International Business Machines Corp.	Majority vote to elect directors	UBCJA	51 %	(P) (pre)
	Evaluate Age Discrimination in Retirement Plans	Leas, J.	awaiting tally	
	Disclose executive compensation	Krueger, J.	omitted	# (E-2)
	Adopt cumulative voting	Davis, E.	awaiting tally	
	Independent board chairman	Foster, E.	omitted	# (B-2)
	Link pay to performance	Laborers	omitted	# (E-2)
	Cap executive pay	Morse, R.	not in proxy	# (I-3)
	Eliminate supermajority provision	Rossi Family	omitted	# (I-10)
Pension fund surplus reporting	McGreevy, Jr., William	awaiting tally		
International Paper Co.	Majority vote to elect directors	Teamsters	84 %	(I-10) (P) (pre)
	Establish outside director qualifications	Calpers	withdrawn	# (I-2)
	Repeal classified board	Steiner, W.	omitted	# (B-1)
Invacare Corp.	Repeal classified board	NYC funds	awaiting tally	
J. C. Penney Co., Inc (HLDG CO)	Majority vote to elect directors	Sheet Metal Workers	awaiting tally	
	Vote on future golden parachutes	Bricklayers	awaiting tally	
Johnson & Johnson	- Approve/disclose/limit SERPs	UBCJA	32.9 %	(pre)
	Majority vote to elect directors	Sheet Metal Workers	45 %	(pre)
	Advisory vote on compensation	Steiner, W.	omitted	# (I-3)

Company	Resolution	Sponsor/Coordinator	Mtg Date/Status	Footnote
Jones Apparel Group, Inc.	Majority vote to elect directors	UBCJA	withdrawn	
	Advisory vote on compensation	Calvert	awaiting tally	
JPMorgan Chase & Co.	Performance based restricted stock awards	AFSCME	42.1 %	(pre)
	Majority vote to elect directors	Steiner, K.	47.2 %	(pre)
	Abolish stock options	Davis, E.	5.3 %	(pre)
	Adopt cumulative voting	Rossi Family	37 %	(pre)
	Independent board chairman	Dee, R.	15.6 %	(pre)
	Award performance-based stock options	Steiner, W.	omitted	# (I-11)
	Advisory vote on compensation	Needmor	40.6 %	(pre)
	Advisory vote on compensation	Chevedden, R.	not in proxy	
K2 Inc.	Link pay to performance	NYC funds	awaiting tally	
KB Home	Add performance criteria to equity-based awards	AFL-CIO	54.6 %	(P)
	- Require equity awards to be held	IBEW	13.3 %	
	Vote on future golden parachutes	Bricklayers	85.6 %	(P)
Kellogg Co.	Majority vote to elect directors	Sheet Metal Workers	31.2 %	(pre)
Kellwood Co.	Repeal classified board	Calpers	89.1 %	(P) (pre)
	Eliminate supermajority provision	Calpers	not in proxy	
KeyCorp	Repeal classified board	Armstrong, G.	awaiting tally	
Kimberly-Clark Corp.	Majority vote to elect directors	UBCJA	withdrawn	
Kohl's Corp.	Majority vote to elect directors	UBCJA	21 %	(pre)
Krispy Kreme Doughnuts Inc.	Repeal classified board	Courage Special Situation	70.5 %	(B)
Layne Christensen Co.	Spin off division	North Star Partners LP	awaiting tally	
LeapFrog Enterprises, Inc.	Maximize shareholder value	Steiner, W.	awaiting tally	
Lear Corporation	Majority vote to elect directors	NYC funds	6/27/2007	
	Repeal classified board	Chevedden, J.	omitted	# (I-10)
Legg Mason, Inc.	Independent board chairman	IBEW	July	
Lehman Brothers Holdings Inc.	Majority vote to elect directors	UBCJA	withdrawn	(B)
	Report on Sarbanes-Oxley costs	Action Fund Mgt.	omitted	# (I-10)
Lennar Corp.	Link pay to performance	Laborers	11 %	(pre)
Level 3 Communications, Inc.	Eliminate supermajority provision	Calpers	awaiting tally	

Company	Resolution	Sponsor/Coordinator	Mtg Date/Status	Footnote
Lexmark International, Inc.	Majority vote to elect directors	NYC funds	withdrawn	
LifePoint Hospitals, Inc.	Repeal classified board	Accipiter Life Sciences F	awaiting tally	
Limited Brands	Repeal classified board	AFSCME	awaiting tally	
Lincare Holdings, Inc.	Increase efforts to diversify board	Calvert	awaiting tally	
Liz Claiborne, Inc.	Majority vote to elect directors	UBCJA	44.7 %	(pre)
Lockheed Martin Corp.	Disclose executive compensation	Davis, E.	awaiting tally	
	Advisory vote on compensation	Chevedden, J.	42 %	(pre)
Loews Corp.	Adopt cumulative voting	Davis, E.	awaiting tally	
Lowe's Companies, Inc.	Vote on future golden parachutes	LongView	29 %	(pre)
	Establish outside director qualifications	Kay, Sydney	2.2 %	## (I-6) (pre)
	Adopt cumulative voting	Davis, E.	not in proxy	
	Repeal classified board	AFL-CIO	withdrawn	
	Repeal classified board	Chevedden, J.	72 %	(P) (pre)
	Link pay to performance	Laborers	22.5 %	(pre)
LSI Corp	Majority vote to elect directors	UBCJA	awaiting tally	
Luby's, Inc.	Repeal classified board	Mathis, H.	44.3 %	
Macrovision Corp.	Reform option grant practices	LongView	withdrawn	
Macy's Inc	Entitle shareholders to a paper stock certificate	Davis, E.	not in proxy	
Manor Care, Inc.	Majority vote to elect directors	UBCJA	not in proxy	
Marathon Oil Corp	Eliminate supermajority provision	Rossi Family	omitted	# (I-10)
Markel Corp.	Increase efforts to diversify board	Calvert	withdrawn	
Marriott International Inc.	Adopt cumulative voting	Bricklayers	withdrawn	
Marsh & McLennan Companies, Inc.	Golden parachutes	Calpers	not in proxy	
	Majority vote to elect directors	UBCJA	withdrawn	(B)
Marshall & Ilsley Corp.	Link pay to performance	UBCJA	withdrawn	
Martek Biosciences Corp.	Repeal classified board	LongView	withdrawn	

Company	Resolution	Sponsor/Coordinator	Mtg Date/Status	Footnote
Masco Corp.	Majority vote to elect directors	Laborers	withdrawn	
	Link pay to performance	UBCJA	not in proxy	
Mattel, Inc.	Majority vote to elect directors	Sheet Metal Workers	withdrawn	
	Link pay to performance	UBCJA	47.3 %	(pre)
	Cap executive pay	Morse, R.	awaiting tally	
	Separate chairman/CEO	Chevedden, J.	awaiting tally	
McAfee, Inc.	Reform option grant practices	LongView	May	
MeadWestvaco Corp.	Redeem or vote on poison pill	Steiner, W.	79.3 %	(P)
	Majority vote to elect directors	UBCJA	48.5 %	
MedImmune, Inc.	Majority vote to elect directors	UBCJA	pending	
Merck & Co., Inc.	Eliminate supermajority provision	Steiner, W.	withdrawn	
	Advisory vote on compensation	AFL-CIO	49.2 %	(pre)
Merrill Lynch & Co., Inc.	Add performance criteria to equity-based awards	AFL-CIO	39.5 %	
	Report on Sarbanes-Oxley costs	Action Fund Mgt.	omitted	# (I-7)
	Report on Sarbanes-Oxley costs	Action Fund Mgt.	omitted	# (I-7)
	Adopt cumulative voting	Davis, E.	38.2 %	
	Advisory vote on compensation	AFSCME	45.6 %	
Millennium Pharmaceuticals, Inc.	Link pay to performance	UBCJA	withdrawn	
Millipore Corp.	Link pay to performance	UBCJA	withdrawn	
Molson Coors Brewing Co	Eliminate dual class stock	Teamsters	withdrawn	# (B-1)
Monsanto Co.	Separate chairman/CEO	School Srs./Notre Dame	13.7 %	
Moody's Corporation	Repeal classified board	Rossi Family	49.6 %	
Morgan Stanley	Report on Sarbanes-Oxley costs	Action Fund Mgt.	not in proxy	# (I-7)
	Majority vote to elect directors	Laborers	not in proxy	
	Link pay to performance	Sheet Metal Workers	withdrawn	
	Eliminate supermajority provision	Rossi Family	58 %	(P) (pre)
	Advisory vote on compensation	AFSCME	37 %	(pre)
Nabi Biopharmaceuticals	Allow Third Point to fill board vacancies	Third Point Management	not in proxy	
National Fuel Gas Co.	Restrict director compensation	Belfield, R.	7.7 %	
Nationwide Financial Services, Inc.	Majority vote to elect directors	UBCJA	withdrawn	

Company	Resolution	Sponsor/Coordinator	Mtg Date/Status	Footnote
Neurocrine Biosciences, Inc.	Repeal classified board	NYC funds	awaiting tally	
Newell Rubbermaid Inc.	Majority vote to elect directors	UBCJA	74.8 %	(P) (pre)
	Eliminate supermajority provision	Steiner, W.	80.7 %	(P) (pre)
Newmont Mining Corp.	Separate chairman/CEO	Rossi Family	awaiting tally	
News Corporation	Repeal classified board	Davis, E.	October	
Nicor Inc.	Eliminate supermajority provision	Rossi Family	64 %	(P) (pre)
NiSource Inc.	Majority vote to elect directors	Laborers	withdrawn	
	Redeem or vote on poison pill	Chevedden, R.	withdrawn	
Noble Energy, Inc.	Separate chairman/CEO	Stromberg, Brian	awaiting tally	
Northrop Grumman Corp.	Majority vote to elect directors	Sheet Metal Workers	withdrawn	
	Independent board chairman	Chevedden, J.	15 %	(pre)
	Shareholders may call special meeting	Barthel, G.	omitted	# (1-2)
	Advisory vote on compensation	SEIU	37.2 %	## (1-3) (pre)
Novell, Inc.	Majority vote to elect directors	UBCJA	withdrawn	
Novellus Systems, Inc.	Majority vote to elect directors	UBCJA	not in proxy	
NSTAR	Record keeping	Crapo, J.	omitted	# (1-3)
Nucor Corp.	Majority vote to elect directors	UBCJA	44.1 %	(pre)
NVR, Inc.	Majority vote to elect directors	Laborers	withdrawn	
NYSE Euronext	Entitle shareholders to a paper stock certificate	Davis, E.	not in proxy	
O Charleys Inc.	Repeal classified board	NYC funds	awaiting tally	
Occidental Petroleum Corp.	Add performance criteria to equity-based awards	Rossi Family	awaiting tally	
	Advisory vote on compensation	Needmor	48.4 %	(pre)
OfficeMax Incorporated	Majority vote shareholder committee	IBEW	51.4 %	(P)
Omicare, Inc.	Link pay to performance	UBCJA	not in proxy	
ONEOK, Inc.	Separate chairman/CEO	Lloyd Noble II Trust	awaiting tally	
Paccar Inc.	Majority vote to elect directors	UBCJA	41.9 %	
	Redeem or vote on poison pill	Chevedden, J.	43.6 %	

Company	Resolution	Sponsor/Coordinator	Mtg Date/Status	Footnote
Par Pharmaceutical Cos., Inc.	Link pay to performance	NYC funds	May	
	Link pay to performance	Sheet Metal Workers	May	
	Advisory vote on compensation	NYC funds	May	
Peabody Energy Corp.	Majority vote to elect directors	Sheet Metal Workers	withdrawn	(B)
	Repeal classified board	AFL-CIO	awaiting tally	(B)
	Majority vote shareholder committee	SEIU	withdrawn	
PepsiAmericas, Inc.	Majority vote to elect directors	Teamsters	withdrawn	
PerkinElmer, Inc.	Majority vote to elect directors	UBCJA	withdrawn	
	Link pay to performance	IBEW	42.8 %	
Pfizer Inc.	Abolish stock options	Davis, E.	omitted	# (I-7)
	Establish outside director qualifications	Kay, Sydney	4.2 %	
	Adopt cumulative voting	Rossi Family	42.3 %	
	Advisory vote on compensation	Steiner, W.	withdrawn	
PG&E Corp.	Add performance criteria to equity-based awards	Chevedden, R.	9.7 %	
	Adopt cumulative voting	Levine, S.	48.9 %	
	Advisory vote on compensation	Rossi Family	omitted	# (I-3)
Pier 1 Imports, Inc	Link pay to performance	NYC funds	6/28/2007	
Pinnacle West Capital Corp.	Repeal classified board	Rossi Family	withdrawn	
Piper Jaffray Cos	Repeal classified board	Armstrong, G.	omitted	# (I-10)
Plains Exploration & Production Co	Increase efforts to diversify board	Calvert	withdrawn	
Plum Creek Timber Company, Inc.	Majority vote to elect directors	UBCJA	withdrawn	
	Link pay to performance	Sheet Metal Workers	awaiting tally	
PNC Financial Services Group, Inc.	Redeem or vote on poison pill	Kessler, L.	not in proxy	
PPG Industries, Inc.	Majority vote to elect directors	UBCJA	withdrawn	
	Vote on future golden parachutes	IBEW	68.7 %	(P)
PPL Corp.	Eliminate supermajority provision	Rossi Family	70 %	(P) (pre)
Praxair, Inc.	Majority vote to elect directors	Sheet Metal Workers	76.3 %	(P)
	Vote on poison pill	Rossi Family	19.7 %	##
Progress Energy, Inc.	Golden parachutes	IBEW	withdrawn	

Company	Resolution	Sponsor/Coordinator	Mtg Date/Status	Footnote
Progress Software Corp.	Link pay to performance	Teamsters	awaiting tally	
	Reform option grant practices	LongView	withdrawn	
Prudential Financial Inc	Approve executive compensation	Carrington, W.	omitted	# (I-3)
	Advisory vote on compensation	SEIU	not in proxy	
Puget Energy, Inc.	Majority vote to elect directors	UBCJA	withdrawn	
Pulte Homes Inc.	Majority vote to elect directors	Sheet Metal Workers	43 %	(pre)
	Repeal classified board	Bricklayers	55 %	(P) (pre)
	Award performance-based stock options	Laborers	41 %	(pre)
	Majority vote shareholder committee	AFL-CIO	20 %	(pre)
Qwest Communications International Inc.	- Approve/disclose/limit SERPs	Floyd, H.	32 %	(pre)
	Add performance criteria to equity-based awards	Graham, P.	17 %	(pre)
	Separate chairman/CEO	Armstrong, G.	17 %	(pre)
	Advisory vote on compensation	AFSCME	23 %	## (I-3) (pre)
R. R. Donnelley & Sons Co.	Majority vote to elect directors	UBCJA	withdrawn	
	Repeal classified board	Steiner, W.	awaiting tally	
R.H. Donnelley Corp.	Repeal classified board	Rossi Family	79.1 %	(P) (pre)
Radian Group Inc.	- Approve/disclose/limit SERPs	UBCJA	withdrawn	
Radioshack Corp.	Shareholders may call special meeting	Steiner, W.	awaiting tally	
Raytheon Co.	- Approve/disclose/limit SERPs	AFL-CIO	50.2 %	(P) (pre)
	Adopt cumulative voting	Chevedden, J.	42 %	(pre)
	Separate chairman/CEO	Chevedden, R.	14.7 %	(pre)
Reliant Energy Inc.	Equal access to proxy	Seneca Capital	withdrawn	# (H-3)
Research Frontiers Inc.	Set board size	Kupfer, Barry	awaiting tally	
Rigel Pharmaceuticals, Inc	Majority vote to elect directors	NYC funds	withdrawn	
Rite Aid Corp.	Majority vote to elect directors	UBCJA	6/27/2007	
Roper Industries, Inc.	Increase efforts to diversify board	Calvert	withdrawn	
SAFECO Corp.	Majority vote to elect directors	UBCJA	45 %	(pre)

Company	Resolution	Sponsor/Coordinator	Mtg Date/Status	Footnote
Safeway Inc.	Adopt cumulative voting	Davis, E.	awaiting tally	
	Independent board chairman	Bricklayers	awaiting tally	
	Advisory vote on compensation	Rossi Family	omitted	# (I-3)
Saks Incorporated	Adopt cumulative voting	Davis, E.	pending	
Sandisk Corp.	Add performance criteria to equity-based awards	AFL-CIO	awaiting tally	
Sanmina-SCI Corp.	Independent board chairman	Calpers	withdrawn	
	Reform option grant practices	LongView	withdrawn	
Sara Lee Corp.	Hire independent compensation consultant	AFL-CIO	October	
Schering-Plough Corp.	Add performance criteria to equity-based awards	Steiner, W.	awaiting tally	## (I-7)
	Redeem or vote on poison pill	Steiner, K.	omitted	# (I-10)
	Majority vote to elect directors	Sheet Metal Workers	withdrawn	
	Eliminate supermajority provision	Rossi Family	not in proxy	
	Advisory vote on compensation	SEIU	withdrawn	
Sempra Energy	Majority vote to elect directors	Laborers	63.6 %	(P)
	Majority vote to elect directors	Rossi Family	omitted	# (I-11)
	- Approve/disclose/limit SERPs	UBCJA	23.7 %	
	Eliminate supermajority provision	Chevedden, R.	73.8 %	(P)
	Criteria for stock split	Gety, George & Sylvia	omitted	# (B-1)
Semtech Corp.	Reform option grant practices	LongView	not in proxy	
Sierra Pacific Resources	Repeal classified board	Rossi Family	62 %	(P) (pre)
Simon Property Group, Inc.	Vote on future golden parachutes	Bricklayers	awaiting tally	
	Link pay to performance	Massachusetts Laborers' P	awaiting tally	
	Increase board independence	Laborers	not in proxy	
	Advisory vote on compensation	IBEW	awaiting tally	
Six Flags, Inc.	Increase efforts to diversify board	GBPUMC	withdrawn	
SLM Corporation	Majority vote to elect directors	UBCJA	withdrawn	
Smurfit - Stone Container Corp.	Cap executive pay	Morse, R.	omitted	# (B-1)
Source Interlink Companies, Inc	Pay cash dividend	Lederley, Jonathan	omitted	# (I-13)
Southwest Airlines Co.	Eliminate supermajority provision	Chevedden, J.	awaiting tally	
Sovereign Bancorp, Inc.	Repeal classified board	Calpers	withdrawn	

Company	Resolution	Sponsor/Coordinator	Mtg Date/Status	Footnote
Spectrum Brands Inc	Repeal classified board	NYC funds	awaiting tally	
Sprint Nextel Corp	Majority vote to elect directors	AFL-CIO	not in proxy	
	Advisory vote on compensation	SEIU	37.3 %	(pre)
Staples, Inc.	Majority vote to elect directors	UBCJA	withdrawn	
	Eliminate supermajority provision	Chevedden, J.	awaiting tally	
State Street Corp. (Boston)	Independent board chairman	Jorstad, P.	omitted	# (I-6) (B)
Stratus Properties Inc.	Repeal classified board	Mathis, H.	63 %	(P) (pre)
Stryker Corp.	Add performance criteria to equity-based awards	AFL-CIO	25.5 %	
Sunrise Senior Living Inc.	Recoup Unearned Mgt. Bonuses	LongView	May	
SunTrust Banks, Inc.	Majority vote to elect directors	UBCJA	51 %	(P) (pre)
	Repeal classified board	AFSCME	withdrawn	
Superior Industries International, Inc.	Majority vote to elect directors	NYC funds	awaiting tally	
Take-Two Interactive Software, Inc.	Link executive pay to social criteria	Srs. St. Joseph Nazareth	10.6 %	
Target Corporation	Majority vote to elect directors	AFL-CIO	withdrawn	
	Award performance-based stock options	AFL-CIO	not in proxy	
Taubman Centers, Inc.	Repeal classified board	SEIU	awaiting tally	
Tenet Healthcare Corp.	Link pay to performance	NYC funds	not in proxy	
Teradyne, Inc.	Majority vote to elect directors	NYC funds	withdrawn	
Textron Inc.	Majority vote to elect directors	UBCJA	withdrawn	
The Allstate Corp.	Majority vote to elect directors	Laborers	not in proxy	
	Eliminate supermajority provision	Rossi Family	not in proxy	
The Bank Of New York Co., Inc.	Adopt cumulative voting	Davis, E.	37.7 %	(pre)
	Eliminate supermajority provision	Steiner, W.	70 %	(P) (pre)
	Advisory vote on compensation	AFSCME	47.7 %	(pre)
	Advisory vote on compensation	Convent of Mary Reparatr	47.7 %	(pre)
The Bear Stearns Companies Inc.	Report on Sarbanes-Oxley costs	Action Fund Mgt.	omitted	#
	Link pay to performance	UBCJA	32 %	(pre)
	Advisory vote on compensation	Kessler, L.	omitted	# (I-3)

Company	Resolution	Sponsor/Coordinator	Mtg Date/Status	Footnote
The Black & Decker Corp.	Link pay to performance	UBCJA	39.5 %	(pre)
The Boeing Co.	Majority vote to elect directors	UBCJA	withdrawn	
	Add performance criteria to equity-based awards	Watt, D.	pending	
	Vote on future poison pill	Chevedden, J.	pending	## (I-10)
	Independent board chairman	Finnegan, T.	pending	
	Recoup Unearned Mgt. Bonuses	Olsen, E.	pending	
	Advisory vote on compensation	Chevedden, R.	42 %	(pre)
The Charles Schwab Corp.	Majority vote to elect directors	Sheet Metal Workers	awaiting tally	(B)
The Chubb Corp.	Majority vote to elect directors	UBCJA	withdrawn	
The Coca-Cola Company	Add performance criteria to equity-based awards	Shepherd, E.	31.9 %	(pre)
	Cap executive pay	Morse, M.	awaiting tally	##
	Advisory vote on compensation	Benedictine Srs.	30.4 %	(pre)
The Dow Chemical Company	Eliminate supermajority provision	Rossi Family	omitted	# (I-10)
The Goldman Sachs Group, Inc.	Majority vote to elect directors	Sheet Metal Workers	withdrawn	
The Goodyear Tire & Rubber Co.	- Approve/disclose/limit SERPs	UBCJA	51.7 %	
	Reincorporation	Sheet Metal Workers	withdrawn	
	Link pay to performance	IBEW	37.8 %	
	Eliminate supermajority provision	Rossi Family	66.8 %	(P)
The Interpublic Group of Companies, Inc.	Eliminate supermajority provision	Steiner, K.	not in proxy	
	Separate chairman/CEO	Steiner, W.	awaiting tally	
The Kroger Co.	Reincorporation	UBCJA	not in proxy	
The Lubrizol Corp.	Reincorporation	UBCJA	withdrawn	
The Macerich Co.	Repeal classified board	SEIU	awaiting tally	
The McGraw-Hill Companies, Inc.	Repeal classified board	Rossi Family	77 %	(P) (pre)
	Eliminate supermajority provision	Steiner, K.	74 %	(B-2) (P) (pre)
The New York Times Co.	Separate chairman/CEO	Morgan Stanley Investme	not in proxy	
	Eliminate dual class stock	Morgan Stanley Investme	not in proxy	
The Pep Boys - Manny, Moe & Jack	Vote on future poison pill	Chevedden, J.	awaiting tally	
The Pepsi Bottling Group, Inc.	Majority vote to elect directors	LongView	not in proxy	##

Company	Resolution	Sponsor/Coordinator	Mtg Date/Status	Footnote
The Procter & Gamble Company	Abolish stock options	Davis, E.	October	
The Progressive Corp.	Link pay to performance	UBCJA	withdrawn	
The Ryland Group, Inc.	- Approve/disclose/limit SERPs	Laborers	withdrawn	
The Servicemaster Company	Repeal classified board	Rossi Family	pending	
The Shaw Group Inc.	Vote on future golden parachutes	Calpers	65.5 %	(B) (pre)
The Sherwin-Williams Co.	Reincorporation	Sheet Metal Workers	withdrawn	
The Stanley Works	Repeal classified board	Conn. Retirement Plans	awaiting tally	
The TJX Companies, Inc.	Majority vote to elect directors	UBCJA	awaiting tally	
The Travelers Companies, Inc.	Majority vote to elect directors	UBCJA	withdrawn	
The Walt Disney Company	Adopt antigreenmail provision	Davis, E.	15 %	
	Majority vote to elect directors	Sheet Metal Workers	withdrawn	+
	Redeem/vote on future poison pill	Bebchuk, L.	58.3 %	
The Williams Companies, Inc.	- Approve/disclose/limit SERPs	UBCJA	not in proxy	
Thermo Fisher Scientific Inc	Majority vote to elect directors	UBCJA	withdrawn	(B)
Tiffany & Co.	Shareholders may call special meeting	Steiner, W.	omitted	# (1-2)
Time Warner Inc	Independent board chairman	CBIS	awaiting tally	
	Eliminate supermajority provision	Steiner, W.	79 %	(P) (pre)
	Separate chairman/CEO	Basilian Fathers/Toronto	withdrawn	
	Separate chairman/CEO	Conn. Retirement Plans	withdrawn	
	Restore right to call a special meeting	Steiner, K.	64 %	(P) (pre)
	Poison pill policy	Bebchuk, L.	awaiting tally	(B)
	Advisory vote on compensation	IBEW	awaiting tally	(pre)
Timken Co. (The)	Reincorporation	UBCJA	withdrawn	
Tollgrade Communications, Inc.	Repeal classified board	LongView	withdrawn	
Torchmark Corp.	Increase efforts to diversify board	Christus Health	8.2 %	
TOUSA Inc	Link pay to performance	Laborers	awaiting tally	
Tribune Co.	Repeal classified board	Davis, E.	awaiting tally	
	Independent board chairman	Teamsters	not in proxy	

Company	Resolution	Sponsor/Coordinator	Mtg Date/Status	Footnote
TXU Corp.	Majority vote to elect directors	UBCJA	pending	
Tyco International Ltd.	Advisory vote on compensation	AFSCME	withdrawn	
U.S. Bancorp	- Approve/disclose/limit SERPs	UBCJA	31.8 %	
	Advisory vote on compensation	AFSCME	42.9 %	
UCBH Holdings, Inc.	Repeal classified board	Armstrong, G.	awaiting tally	
Union Pacific Corp.	Majority vote to elect directors	Sheet Metal Workers	50.3 %	(P) (pre)
Unisys Corp.	Majority vote to elect directors	UBCJA	withdrawn	
United Parcel Service, Inc.	Establish outside director qualifications	Kaplis, Hilda	not in proxy	+ (C)
United Rentals, Inc.	Majority vote to elect directors	IBEW	withdrawn	
United Technologies Corp.	Advisory vote on compensation	Marianists/St. Louis	withdrawn	
	Limit director terms	Davis, E.	3 %	
	Link pay to performance	Teamsters	32.1 %	
	Advisory vote on compensation	AFL-CIO	40.1 %	
United Western BanCorp Inc.	Repeal classified board	Armstrong, G.	awaiting tally	
UnitedHealth Group Incorporated	- Approve/disclose/limit SERPs	Laborers	28.8 %	(pre)
	Add performance criteria to equity-based awards	AFL-CIO	41.5 %	(pre)
	Majority vote to elect directors	UBCJA	withdrawn	
	Equal access to proxy	Calpers	45.3 %	# (I-8) (pre)
	Advisory vote on compensation	Hermes	41.7 %	(pre)
Universal Health Realty Income Trust	Independent board chairman	SEIU	awaiting tally	
US Airways Group, Inc.	Repeal classified board	Davis, E.	not in proxy	
USG Corp.	- Approve/disclose/limit SERPs	UBCJA	withdrawn	
UST Inc.	Repeal classified board	Rossi Family	omitted	# (I-10)
Valero Energy Corp.	Majority vote to elect directors	Sheet Metal Workers	awaiting tally	
	- Approve/disclose/limit SERPs	UBCJA	awaiting tally	
	Advisory vote on compensation	UUA	awaiting tally	

Company	Resolution	Sponsor/Coordinator	Mtg Date/Status	Footnote
Verizon Communications	Increase board independence	SEIU	omitted	# (I-7)
	Majority vote to elect directors	UBCJA	withdrawn	(B)
	Vote on future golden parachutes	AFL-CIO	47 %	## (I-10) (pre)
	Vote on future poison pill	Rossi Family	19 %	## (I-10) (pre)
	Abolish stock options	Davis, E.	9 %	(pre)
	Independent board chairman	IBEW	omitted	# (I-6)
	Link pay to performance	Laborers	not in proxy	# (I-10)
	Hire independent compensation consultant	CWA	47 %	(pre)
	Limit number of directorships	Association of BellTel Re	12 %	(pre)
	Award performance-based stock options	Steiner, K.	omitted	# (I-11)
Advisory vote on compensation	Jones, C.	50.2 %	## (P) (pre)	
Visteon Corporation	Repeal classified board	Leeds, J.	omitted	# (I-10)
Vornado Realty Trust	Majority vote to elect directors	UBCJA	51 %	(P) (pre)
Vulcan Materials Co.	Link pay to performance	UBCJA	withdrawn	
Wachovia Corp.	Majority vote to elect directors	Sheet Metal Workers	withdrawn	
	Establish outside director qualifications	Kaplis, Hilda	4.6 %	+
	Link pay to performance	UBCJA	withdrawn	
	Separate chairman/CEO	Dee, R.	16.3 %	
	Advisory vote on compensation	AFSCME	38.7 %	
Wal-Mart Stores, Inc.	Disclose Executive Compensation	ICCR	awaiting tally	
	Establish outside director qualifications	Kaplis, Hilda	awaiting tally	# (I-8)
	Adopt cumulative voting	Bricklayers	withdrawn	
	Adopt cumulative voting	Steiner, W.	awaiting tally	
	Link pay to performance	Laborers	awaiting tally	# (I-10)
	Hire independent compensation consultant	AFL-CIO	omitted	# (B)
	Report on stock options by race/sex	Northstar	awaiting tally	
	Advisory vote on compensation	LongView	awaiting tally	# (I-7)
Warwick Valley Telephone Company	Increase quarterly dividend	Santa Monica Partners	29.5 %	
Washington Mutual, Inc	Redeem or vote on poison pill	Kessler, L.	withdrawn	# (B-1)
	- Approve/disclose/limit SERPs	UBCJA	25.3 %	(pre)
	Majority vote to elect directors	IBEW	43.6 %	(pre)
	Establish outside director qualifications	Kay, Sydney	3.9 %	## (C) (pre)
	Link pay to performance	Sheet Metal Workers	withdrawn	
Weingarten Realty Investors	Link pay to performance	UBCJA	withdrawn	
Wellman, Inc.	Sell the company	Steiner, W.	awaiting tally	

Company	Resolution	Sponsor/Coordinator	Mtg Date/Status	Footnote
WellPoint Inc	Advisory vote on compensation	Conn. Retirement Plans	omitted	#
Wells Fargo & Company	- Approve/disclose/limit SERPs	UBCJA	27.4 %	(pre)
	Majority vote to elect directors	IBEW	withdrawn	
	Majority vote to elect directors	AFSCME	withdrawn	
	Advisory vote on compensation	Walden	awaiting tally	
Wendy's International, Inc.	Reincorporation	Sheet Metal Workers	withdrawn	# (I-7)
WesBanco, Inc.	Maximize shareholder value	Jewelcor Management	13.9 %	
Weyerhaeuser Co.	Majority vote to elect directors	Sheet Metal Workers	withdrawn	
	Eliminate supermajority provision	Rossi Family	77 %	(P) (pre)
WGL Holdings, Inc.	Adopt cumulative voting	Davis, E.	34.9 %	
	Independent board chairman	Taylor, G.	25.3 %	
	Hire independent compensation consultant	Teamsters	28.8 %	
Whirlpool Corp.	Majority vote to elect directors	UBCJA	withdrawn	
Whole Foods Market, Inc.	Separate chairman/CEO	Chevedden, J.	20.3 %	
Wind River Systems, Inc.	Independent board chairman	LongView	withdrawn	# (E-2)
Windstream Corp.	- Require equity awards to be held	IBEW	10.5 %	(pre)
Wm. Wrigley Jr. Co.	Cap executive pay	Morse, R.	omitted	# (NA)
Wyeth	No interlocking directorships	AFL-CIO	awaiting tally	
	Separate chairman/CEO	United Methodist	awaiting tally	
	Increase board independence	SEIU	awaiting tally	
	Recoup Unearned Mgt. Bonuses	Steiner, K.	52 %	(P) (pre)
	Advisory vote on compensation	Rossi Family	awaiting tally	
Xcel Energy Inc.	Link pay to performance	Sheet Metal Workers	awaiting tally	# (I-10)
	Separate chairman/CEO	Armstrong, G.	awaiting tally	#
Xerox Corp.	Majority vote to elect directors	UBCJA	not in proxy	
Yahoo!, Inc.	Link pay to performance	UBCJA	35 %	(pre)
YRC Worldwide Inc	Majority vote to elect directors	Teamsters	withdrawn	
Yum Brands, Inc.	Vote on future golden parachutes	Bricklayers	awaiting tally	
	Link pay to performance	UBCJA	26.8 %	(pre)
	Advisory vote on compensation	Glenmary Home Mission	awaiting tally	

Company	Resolution	Sponsor/Coordinator	Mtg Date/Status	Footnote
Zimmer Holdings Inc	Majority vote to elect directors	Sheet Metal Workers	withdrawn	
	Eliminate supermajority provision	Rossi Family	78 %	(P) (pre)

Zions Bancorporation	Majority vote to elect directors	UBCJA	withdrawn	
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Footnotes

- withdrawn The proponents withdrew the proposal, usually after an agreement with the company.
- omitted The Securities and Exchange Commission staff issued a letter indicating it will not pursue legal action against the company for omitting the proposal from the proxy statement.
- # The company challenged the proposal at the SEC.
- ## The SEC staff has rejected the company's challenge.
- + The company challenged the proposal at the SEC. The SEC said the proposal must appear in proxy statement if the proponent revises it according to SEC guidelines.
- (P) The proposal passed, in addition to receiving a majority of the votes cast.
- (pre) Preliminary voting results, not confirmed as final by the company.
- (B) The proposal was offered in the form of a mandatory bylaw amendment.

Sponsors or Coordinators

AFL-CIO – American Federation of Labor – Congress of Industrial Organizations	Laborers – Laborers’ International Union of North America
AFSCME – American Federation of State, County and Municipal Employees	LongView Fund – LongView Collective Investment Fund
Bricklayers - Bricklayers and Trowel Trades International Pension Fund	NYC funds – Pension funds of New York City
Calpers – California Public Employees’ Retirement System	Nycers – New York City Employees’ Retirement System
CBIS – Christian Brothers Investment Services	Plumbers, Pipefitters – Plumbers and Pipefitters pension funds
CWA – Communications Workers of America	SEIU – Service Employees International Union
IBEW – International Brotherhood of Electrical Workers	Teamsters – International Brotherhood of Teamsters
ICCR – Interfaith Center on Corporate Responsibility	UBCJA – United Brotherhood of Carpenters and Joiners of America pension funds
	UFE/Resp. Wealth – United for a Fair Economy/Responsible Wealth

Securities and Exchange Commission Staff Decisions

- (b)-1 Proponent failed to meet requirements for stock ownership
- (b)-2 Proponent did not provide verification of stock ownership
- (c) Proponent allowed only one proposal
- (d) Supporting statement exceeds 500 words
- (e)-2 Resolution was filed too late for consideration
- (h)-3 Proponent did not have "good cause" for failure to present proposal at meeting
- (i)-1 Is improper under state law
- (i)-2 Is a violation of state, federal or foreign law
- (i)-3 Contains false or misleading statements
- (i)-4 Relates to a personal claim or redress of a personal grievance
- (i)-5 Relates to less than 5 percent of the company's total assets and less than 5 percent of net earnings and gross sales and "is not significantly related" to the company's business
- (i)-6 Deals with a matter beyond the company's power to effectuate
- (i)-7 Relates to the conduct of the company's ordinary business
- (i)-8 Relates to an election to office
- (i)-9 Is counter to a proposal to be submitted by management at the same meeting
- (i)-10 Is moot by being substantially implemented by the company
- (i)-11 Is a duplicate of an earlier-submitted proposal
- (i)-12 Did not receive the required number of votes cast at a previous shareholder meeting
- (i)-13 Relates to specific amounts of cash or stock dividends