

REALLY REACHING OUT TO INVESTORS



A SPECIAL SUPPLEMENT TO THE SHAREHOLDER
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REALLY Reaching Out to Investors...

Dear Readers,

This is the 16th annual Special Supplement to our quarterly newsletter, The Shareholder Service Optimizer, which I hope has become a familiar and a welcome resource for you and for your company as a whole.

As I look back over the past issues, as I do each year, the theme of “reaching out to investors” has been the dominant one, because this is one of the most important sets of things my target readers are charged with doing. But this year and next the need to reach out, in truly effective fashion, carries more urgency than ever before:

Just in case you *haven't* had time to reflect on this, the balance of power in the corporate world has shifted dramatically over the past few years - in favor of activist investors. Investors are increasingly demanding that issuers acknowledge them, and reach out to them earlier - and in a more focused and more effective manner. As a consequence, the risks of corporate failures to really reach out to investors have become unacceptably high - whether one is a corporate director, a corporate officer or just a regular worker in the corporate vineyard.

From the corporate perspective, the consequences of failures to reach out successfully can range from repeated, highly distracting and reputation-destroying roastings in the press - all the way to an out-and-out proxy fight to unseat board members and/or to officially review ‘strategic alternatives’. In the worst of all worlds - for corporate citizens who fail to reach out *effectively*, and *convincingly* where investors are concerned - such failures are indeed ending with wrenching changes of corporate focus and corporate direction and - with increasing frequency - in an effective “change of control” as activist investors are able to have their own way.

From a purely personal perspective, if you are a corporate officer, the consequences of a failure to reach out effectively range from harsh and heavy grilling by low vote-getting directors to a career-ending event - if one or more directors fail to achieve a comfortable majority of the votes, for example - and, almost certainly, if control of the company falls into new hands. ***From our own perspective - as a daily observer of public company “doings” where reaching out is concerned - most companies are, of course, “reaching out to investors” to some extent...And most of them think they are doing so adequately. But in reality, a great many of them are not REALLY reaching out effectively at all. Here are just three examples:***

- Of the 56 shareholder proposals to declassify boards that came to a vote in 2012, 52 of them received a majority of the yes vs. no votes that were cast.
- An eye-popping total of 30 shareholder proposals that came to a vote received over 87.9% of the votes cast. (What *were* those companies thinking? one is forced to ask.)
- Scariest of all from our perspective, the votes cast by individual investors - who still control almost 40% of the votes at most companies - and who are normally sympathetic to “management positions” on proxy voting matters - are now voting only 17% or so of the time, and often less - down from 35% in 2003 and from almost 75% in the late 1970s.

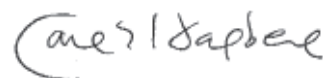
Meanwhile, let's not fail to note, publicly traded companies are spending literally billions of dollars per year to send roughly a half-billion sets of voting materials to shareholders - or notices that such materials are available on the web - and hiring proxy solicitors and advisors, and making second and third mailings and dinner-time phone calls to drum up favorable votes - while most of the voting materials are, clearly, failing to resonate with voters at all.

Here are just a few of the key things a careful reader of this issue ought to be able to take away - and use to good effect:

- Some very practical ‘practice tips’ on reaching out to your all-important institutional investors from Janice Hester-Amey of CalSTRS, one of the most active ‘activists’ out there.
- A very long list of practical tips - and programs that really work to “really reach out” - effectively, and cost-effectively - to your retail investors - who are overwhelmingly friendly investors - as long as you are friendly to them, that is.
- Some very practical tips from key industry suppliers - in the transfer agency and proxy distribution and tabulation “space” - plus some awfully good insights on what kind of firms they *are*, and on what makes them stand out from the pack.
- A host of excellent time and money saving tips on important “corporate housekeeping” and compliance matters.
- A wide variety of other important resources you can rely on throughout the year - like the Society of Corporate Secretaries and Governance Officers and Shareholder Services Association conferences and seminars - and our own list of articles on “The Basics” and on other hot-topics that can be found on our website, www.optimizeronline.com. We have a new section there - “Interviews” - with excellent advice on “Really reaching out to investors” from a long list of activist investors and from expert corporate advisors and practitioners.
- Plus; please carefully note the ads and other information from the long list of industry suppliers who are represented here- all of whom we consider to be among the “best in class.”

With all best wishes for a peaceful and prosperous New Year - and for continued success in really reaching out to all of your investors,

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POWER OF STABILITY. SPIRIT OF AGILITY.

REALLY REACHING OUT

An interview with Janice Hester-Amey,
Portfolio Manager, Corporate Governance

*California State Teachers' Retirement System
(CalSTRS)*

*“We have been making a huge effort to
engage small and mid-cap companies”*

OPTIMIZER: Tell us about some of the issues that REALLY require a reaching out to important investors like CalSTRS.

Hester-Amey: If you had a low Say-On-Pay approval vote last year, or if you had a high NO-vote against you on any matter last year, or any passing vote on a proposal, like a majority voting proposal, that your board has failed to implement, you really ought to be “really reaching out” to your investors. And if you are changing the metrics, or making other changes to your compensation plans – and here I mean to include improvements as well - like making them more performance oriented, or increasing vesting and holding periods – you should be reaching out to investors like us – to let it be known.

OPTIMIZER: What about the failure to implement majority voting provisions, or other shareholder proposals that achieve a majority: Isn't that like a death sentence with you, that would make reaching out kind of futile?

Hester-Amey: Not necessarily. We always want to talk, and sometimes there may be a story there, and we are willing to listen. The worst effort a company can make is to make no effort at all.

OPTIMIZER: Is there a particular way, or do you have an ‘optimal way’ for investors to reach out to you?

Hester-Amey: Most times a phone call is a fine way to start a dialogue. But ideally, we like to get the whole team together, and to involve our Director of Corporate Governance, and to move the dialogue up to an in-person visit. We like to look each other in the eye - to get a strong sense of assurance that we really can rely on what we're hearing. That is always one of our biggest concerns.

OPTIMIZER: What about the participation of Directors: Is this a big thing for you?



Hester-Amey: It's very hard to get Directors to speak to shareholders. We know they are very busy, and we want them to be busy. But if there are issues that involve Board structure, diversity, Director selection and Director evaluation – and sometimes there are – a company should make a Director available. This is easily done, and there are no F-D issues to worry about, by the way, since we focus on governance issues only. Not every shareholder can or should have a way to discuss things with a Board member. But if a Director has a dialogue with a large investor like us, the company can discuss it on their website, or in their proxy materials, and achieve very broad disclosure that should contribute to shareholder understanding and general satisfaction.

OPTIMIZER: How about advisors, like comp-consultants or proxy advisors? Are they welcome to attend?

Hester-Amey: We are OK if they come, and we are OK if maybe they chime in on ‘process issues’ or to help clarify a point. But we want to hear directly from the people who pay the piper and, we want to be sure, really call the tune.

OPTIMIZER: Do you have any tips on what NOT to do?

Hester-Amey: The biggest thing not to do is to continue to ignore issues that are important to large shareholders. We represent the bulk of the investments made by small shareholders – and their investments produce the currency that gives the market confidence in you – or not. You need to keep people investing in your company.

OPTIMIZER: What are some of your top ‘hot-buttons’ these days?

Hester-Amey: The Board's role in risk management and the way the board is staffed; Are Directors truly independent? Do they provide close oversight of the management team?

CALSTRS

OPTIMIZER: *Don't you think that most large-cap companies have gotten the message by now?*

Hester-Amey: There are still a lot of people at large companies who have not gotten it or were not getting it – like at Chesapeake. There are still boards that seem to be afraid of the very people who fund their business, and whose allegiance they should be seeking. That said, we have been making a huge effort to engage small and mid-cap companies. We have filed well over 200 shareholder proposals with such companies in the last few years, but we always try to engage first. We much prefer to negotiate a good outcome if we possibly can.

OPTIMIZER: *Where do you stand on so-called social issues?*

Hester-Amey: We have to be guided by fiduciary restrictions, but many social and environmental issues do create business risks and can have a strong financial impact. We have been focusing on sustainability issues – and on greater disclosures here for 10 years

now. We vote on everything; no abstentions – unless there may be a brand new issue that we haven't fully analyzed yet.

OPTIMIZER: *What are the top tips you'd offer readers who are thinking about "reaching out"?*

Hester-Amey: DO really reach out. Be serious. Think of us as partners. We are holders forever.

OPTIMIZER: *Can we push back a bit on this? Don't you think that sometimes it might be better to make a "noisy withdrawal" – and say, "Hey...you folks just don't get it and we are voting with our feet"? It would sure make a point with us, whether we were a Director or an investor.*

Hester-Amey: This might work for individual investors, or for a smaller fund, whose horizons are shorter, but if we see a company with governance issues we have to hang in there, and get them fixed up.

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REALLY REACHING OUT TO INDIVIDUAL INVESTORS...

THE GAME REALLY IS WORTH THE CANDLE, AS OUR PANEL OF EXPERT PRACTITIONERS AND INNOVATORS WILL PROVE...

This fall your editor had the good fun and even better learning experience of moderating two panels of experts on “the care and feeding of retail investors” - first at the annual conference of the Shareholder Services Association (SSA) in San Diego and later at the annual Broadridge client conference in NYC.

*The **OPTIMIZER** had been reporting on the much-reported death of retail investing, so we, as retail investors ourselves – and also on behalf of our six grandchildren – were delighted to find so many public companies that still value – and respect – their individual investors, and who are willing to allocate high-quality resources toward their proper care and feeding.*

The panel of experts at the SSA conference really jump-started our desire to do more digging, and more reporting, when Tom Boin, Manager of Shareholder Relations at Exelon, challenged the audience with the thought that so many years of corporate budget-cutting programs seem to be sending retail shareholders a perhaps unintended message – but one that runs the risk of coming through loud and clear – that they are just not important in the corporate scheme of things...so we’ll lead off with him:

OPTIMIZER: Tom; please give us a recap of the current corporate landscape as you see it when it comes to “really reaching out to investors.”

Boin: As I mentioned at the SSA conference, I think that every single year – for at least the past ten years – senior management has been ‘reaching out’ to all of us on the corporate staff to come up with additional budget cuts. Thank goodness for technological improvements, which really have generated some good savings. But I do think that currently, we managers need to question whether we haven’t gone too far in some areas. If we look at the way most companies have cut back on the form and content of their annual reports, aggressively pushed the Notice and Access model, and cut way back on dividend inserts and other printed information sent to shareholders, I think we have to worry a lot more about our communications efforts – and to be particularly wary about inadvertently sending investors a message that we don’t care much about them at all.

OPTIMIZER: Tell us a bit about Exelon and about the way you see your job.

Boin: Exelon is an electric utility, with roughly 145,000 shareholders – almost all of whom have some sort of connection to the company – either as customers, employees, retirees – or their heirs. An added wrinkle, Exelon arose from mergers of Chicago-based Commonwealth Edison, Philadelphia Electric and Baltimore Gas & Electric - and many of our shareholders go way, way back with ‘the company’. I need to be sure that we are able to serve them properly – as they expect to be served – and as they deserve to be served – and also to be sure that we, the company, are getting good value for what we spend.

OPTIMIZER: Tell us about some of your “really reaching out” efforts.

Boin: This year we made some major revisions to our Dividend Reinvestment Plan – so that interested parties can buy their first share of Exelon through the plan if they’d like – and we also converted to a “qualified” plan, so that we can raise equity capital through the plan should that seem desirable, and even to offer a discount on newly issued shares, should that ever prove to be desirable. We now have a national presence – through our subsidiary – Constellation which sells energy around the U.S. So a customer in Wyoming, let’s say, might very well want to become an Exelon shareholder, and can now do so through the plan.

OPTIMIZER: You mentioned Notice & Access. What have you been seeing on this front?

Boin: Last year, only 55,000 of our 145,000 retail investors asked to receive printed materials, so N&A has been a very good money saver for us. Interestingly, only 15,000 requests came from registered holders – but this number has been creeping up by 5,000 people a year. It seems that each year, more of our registered investors are realizing that they have not been getting the A-R and proxy materials, and are ‘reaching out’ to get them. Last year, we actually ran short of our projected quantities of printed matter.

OPTIMIZER: Where do you plan to focus your efforts in 2013 to be sure you are not inadvertently sending messages that investors are not important - while managing to meet your budgetary goals?

Boin: We plan to work much harder on making our website the first place to go – and to actually find the information they most need





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and want. We want to focus in particular on cost-basis info, which is a huge source of inquiries, given our shareholder demographics. We have worked very hard with our transfer agents over the years – to preserve as much historical information as possible – and with the phone reps, to make sure they let callers know that this info can be obtained. We also want to make sure that visitors to our website know they can call our office directly if they need help, which is often the easiest and quickest way to get needed information.

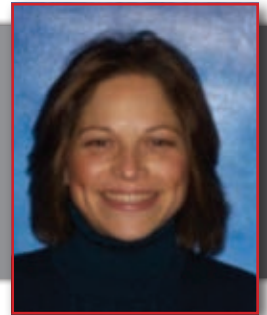
OPTIMIZER: Anything else you do to make sure that shareholders – and you – are getting the kind of service you want them to get?

Boin: Yes, we are great believers in metrics – and in obtaining hard data about turnaround times, and shareholder experiences when they reach out to any of our agents. We had a regular, monthly call-

monitoring program – which I cut back a bit during my own busy times – but I plan to get back on track very soon. I monitor the number of “dropped calls” very closely. It is an excellent early-warning signal that something may be up – and that more resources may be needed.

We pay an outside service provider – Group-5 – to survey a statistically valid sampling of shareholder interactions each month. I review the scores and all the comments before passing them on to our transfer agent for review and discussion, to be sure we all stay very comfortable with service levels. One last thing; I plan to pay more attention to dividend inserts this year – to try to focus on things that retail shareholders most need to know about – which is no small task, given all the things that compete for our time and attention these days.

Another active participant in the discussion at SSA was Maritza Vicole, the Manager of Shareholder Services at PepsiCo. Full disclosure: The OPTIMIZER's editor has been a very happy investor in PepsiCo since the early 1990s. Aside from liking Pepsi – and those Frito Lay salty snacks – he admired the way Pepsi respects its retail shareholders, which it still does. It has been one of his very best investments. He has also bought PepsiCo stock through its DRP for one of his grandkid's college fund accounts – at a time when it was rather pricey – but where he still expects it to out-perform long-term.



OPTIMIZER: Maritza, tell us a bit about PepsiCo and about your role there.

Vicole: Approximately 30% of PepsiCo's outstanding shares are held by retail investors. We want to be sure that we are engaging these investors effectively. They make up a stable, long-term oriented and very loyal shareholder base. Since we manage the business for the long-term, it's especially beneficial to attract investors who are interested in a long-term investment. Additionally, PepsiCo's position as a global food and beverage company is highly attractive to retail investors, since these investors are inclined to invest in what they know, and buy products from the companies they invest in.

My job is to represent PepsiCo in the shareholder relations function and to project a favorable and responsible company image through consistent communication and open dialogue with current and potential shareholders. Other responsibilities include building and maintaining relationships with retail investors, effectively communicating the company's financial performance and strategic direction to them, and acting as a channel to senior management and our Board of Directors to communicate shareholder feedback and any concerns they may have.

OPTIMIZER: Do you do anything special to attract retail investors?

Vicole: Yes; in 2011 PepsiCo started to increase its exposure to retail investors – by participating at BetterInvesting and InvestEd regional and chapter conferences. I reside within the IR department

of PepsiCo. The rest of the IR team mainly deals with institutional investors and analysts and don't have the resources to dedicate more of their time to retail investors. Also, they tend to speak in “financial talk” that can make it hard for some retail investors to understand. I try to participate in at least 3 – 4 retail investor conferences per year. Our presentation and exhibit booth, when we have one, are well received by the attendees. I try to develop a presentation that focuses on PepsiCo's rich history, the many brands offered by PepsiCo, shareholder returns – and that offers financial information that is easy to understand. Many of the attendees express their gratitude for PepsiCo's involvement at retail investor conferences and are pleasantly surprised to find out all of the products that are available under the PepsiCo umbrella. Many of the “older” investors have shared with me that they purchased PepsiCo stock for their grandchildren because it's a company that they can relate to. In fact, in March 2012 PepsiCo was ranked as #8 in the BetterInvesting's Top 100 Companies held by its members. Although I always receive positive feedback from attendees, it's very hard to measure the success of presenting at these conferences but I like to think that it helped us to get to that #8 spot.

OPTIMIZER: What else do you do to ‘go the extra mile’ for retail investors?

Vicole: PepsiCo offers a lot of hand-holding. If someone contacts me regarding a stock transfer I will personally complete the stock transfer forms for them, or at least as much that I can complete, and mail them explicit instructions on what else needs to be done. If they call to sell stock, I'll conference in a CSR from the call center

instead of simply giving them the number to call. Many shareholders are surprised that they can contact PepsiCo directly for help. If beneficial shareholders contact me for assistance, I explain that I cannot view their account information but I can work out any issues directly with their broker if they provide me the information. I don't simply help registered shareholders. I'm here for all of our shareholders.

To make certain our registered shareholders receive best-in-class service from the call center, I continually perform call monitoring with the Quality Assurance team at our transfer agent, Computershare, to identify opportunities to improve CSR performance. I try to visit the call center at least once a year to work with focus groups and ask the CSRs what I can do to make their job easier. Also, I partnered with Computershare and our call center to create a program that recognizes CSR's that go above and beyond while servicing a shareholder. Each week we pick the "best call of the week" winner and the "best call of the month" winner is picked each month. Out of the twelve "best call of the month" winners, I'll pick the "best call of the year" winner and have an awards dinner to announce the winner. All of the monthly winners, and their guests, are invited to the awards dinner along with some folks from Computershare and management from the call center. Since the inception of the program in August 2010 call center quality scores and CSR confidence have improved and continue to do so. There have been several CSRs that have been promoted to floor supervisors because of their recognition through the program. Selecting the winners continues

to be increasingly difficult because all of the calls are exceptional. The 2nd annual awards dinner was held in August 2012. Should I receive a shareholder complaint, I make sure to have all calls and correspondence pulled so I can research. I always get back to the shareholder with an apology – and a fast and good resolution to their concerns.

PepsiCo uses the services of UPRR to locate lost shareholders, as well as to locate shareholders that have yet to exchange shares of companies that PepsiCo has acquired. We take a proactive approach in hopes of preventing the shares and dividends to be sent to the state as unclaimed property.

OPTIMIZER: Tell us about your use of printed communications with shareholders.

Vicole: For annual meeting materials, the communications team has thought of doing a 10-k wrap before, but decided against it because our "traditional annual report" is an effective marketing piece. Many shareholders really like to receive the report. In our proxy statement, we make sure to include my direct dial so that any shareholder can contact me with any questions or concerns they have. We used to send out a bi-annual shareholder newsletter but stopped because of budget cuts and sustainability efforts. PepsiCo invested in its website and we are trying to use it as a tool for retail investors to get historical and present information. Plus, as noted, they can always contact me directly...and they do.



Another very active participant in the discussion of "really reaching out to shareholders" at the SSA conference was Karen Danielson, the current SSA president, and the Shareholder Services Manager at The Coca-Cola Company... so we wanted to loop back with her too:

OPTIMIZER: Karen; please tell us a bit about Coca-Cola's use of online "shareholder forums": What made you launch them and how has it worked out?

Danielson: We first provided an online shareholder forum two years ago – in advance of the Annual Meeting - and will almost certainly do so again in 2013. Coca-Cola has 1.6 million shareholders and we are truly interested in getting them to know more about us. We are equally interested in knowing more about them; what is important to them, what they think about the company and how it is being run. This really proved to be an excellent way to reach out to validated shareholders – and to engage them – and we have learned quite a lot.

OPTIMIZER: How did you go about launching the forum?

Danielson: We started in connection with our 2011 meeting – which was our 125th Anniversary year –and with a paper insert in

the proxy materials, promising an anniversary booklet to those who registered with the forum. We were pleasantly surprised to have 2300 takers – and the next year - without a freebie - the number grew to 4600. We got 156 questions the first year, and 177 this year, which helped in our meeting preparation. We answered some of the questions at the meeting and posted most of the others on a FAQ page on our website, then sent a blast email to tell shareholders about the FAQ page – and to point them to other useful areas of our website, like our sustainability report.

Visitors to the forum were invited to take an online survey, which gave us very useful information -- like how long they'd been shareholders, where they go to find information about us – which produced a surprisingly wide array of sources – and what kinds of things are most important to them as investors. The top two things were new products and new brands – and more information about business strategy, which was mentioned by more than half the respondents.



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OPTIMIZER: Your proxy materials have been getting a lot of favorable notice of late – and we want to point our readers there for a look-see. Tell us about how that got started.

Danielson: Our Corporate Secretary wanted to have a much more “engaging” document; something that would be easier to read, more useful to shareholders - and simply better than what we had before. So we took a totally fresh look, inside the company, to come up with it. We also took a fresh look at our website, with the same goals in mind - and made lots of improvements there too.

OPTIMIZER: I also know that the quality of shareholder services is extremely important to Coca-Cola: Tell us a little about what else you do to keep tabs on things.

Danielson: We do monthly shareholder satisfaction surveys, using Group-5, and my assistant and I go over the results very carefully.



Our second deep-dive into successful efforts to optimize the costs and benefits of serving retail investors took place at the annual Broadridge client conference in November, where your editor moderated a discussion with Ed Ballo, the Vice President, Shareholder Services at Prudential Financial – with roughly 1.8 million individual shareholders – and Dorothy Flynn, Director of Shareholder Services, Investor Relations at The Walt Disney Company – serving 1.7 million investors. Here are a few highlights of the conversations on managing a really big base of shareholders:

OPTIMIZER: Ed; the individual investor outreach program at Prudential has gotten a fair amount of attention. Please give us a little background.

Ballo: We started about 3 ½ years ago, so our upcoming annual meeting will mark our fourth year of “really reaching out” to our individual investors. Currently, we have 1.8 million of them, which is a very big number – and this is down from 4.7 million in 2001, when virtually all of our policy holders became shareholders of Prudential. They represent about 25% of our total shares outstanding. Most of them still have insurance policies in force with us, so they are a very important constituency to us in every way.

Back in 2009, our quorum at the annual meeting was only 57.8% - which is not at all what we wanted to see. But in 2012, thanks to our reaching out efforts, it was up to a much more comfortable 70.1%. Our goal was, and still is, to get all our shareholders engaged, and all of them - or as many as humanly possible - to be voting. We realized that moving the dial would not happen overnight – and that we would have to have a consistent, multi-year effort to achieve this goal. Our feeling was that we could either “pay now or pay later” to get this to happen, and that it would be a lot more effective – and would cost less in the end – if we started earlier rather than in a pinch.

OPTIMIZER: Tell us about your “trees or totes for votes” campaigns, and how you think it has paid off for Prudential.

We also monitor live phone calls – and very often we will reach out ourselves, with a phone call just to ask if they were satisfied. It is an amazingly quick and easy thing, and an amazingly rewarding thing to do. People are so surprised – and so happy to hear from us. It only takes a few minutes – and it’s always the highlight of our own day.

We have also been concerned about those abandoned property audits – and about the rules that many states are passing saying that if there has been no contact from a shareholder after some period of time, their property should be treated as abandoned. We had several hundred DRP participants on the list for Illinois, who had not responded to form-letter warnings, and we hired Keane to reach out to them by phone, to try to prevent escheatment. We ended up with only seven people where we had to escheat!

Ballo: This was our initial idea about a good way to get shareholders to become engaged - and we are still at it. Shareholders who vote their proxies can select either a Prudential tote-bag or opt to have a tree planted for them as our way of saying thank you for the time they took to cast their votes. We have been very careful to take a very neutral approach, and not to be ‘electioneering’: We want shareholders to be engaged, and to feel that they have a good relationship with us, so we focus on the voting process, and on the importance of voting..

OPTIMIZER: Tell us about the work you have done on your proxy statement. We have been telling our readers that it is the gold standard - and to review a copy with care before they start on their own.

Ballo: A big part of feeling engaged – and whether or not someone actually casts a vote, we believe - is related to the proxy statement itself: How reader-friendly it looks – and is – in terms of clarity and overall readability. So we work very hard on it. And people actually do notice - and send us notes, complimenting us on the plain language, on the overall layout and the charts and graphs, for example. We invite shareholders to send us comments and they do. We have had over 7,500 comments over the past three years, all of which we acknowledge, and send to the board. Interestingly, we get a lot of letters thanking us for our response to their letters.

OPTIMIZER: Any other initiatives or practical tips on engaging shareholders you’d like to mention?

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How ShareGift USA works

ShareGift USA has identified four key areas through which it can access small shareholdings:

- **Mergers, Acquisitions and Spin-offs**
When major transactions occur, shareholders often receive minor amounts of cash or stock as consideration. By working with corporations, their attorneys and investment bankers, ShareGift USA offers shareholders the option of donating their minor consideration to charity.
- **Odd Lot Programs**
Corporations recognize that small shareholders are costly to service and do not add to the ownership profile. By working with shareholder services firms and transfer agents, ShareGift USA offers shareholders the ability to "donate" their odd-lots to charity, as well as to "buy" or "sell" them.
- **Escheatment, Bankruptcy, Class Action Suits**
In all such cases, shareholders are entitled to minor amounts of consideration. By working with claims administrators, ShareGift USA offers shareholders the ability to donate these amounts to charity.
- **Retail Brokerage Accounts**
For many of the reasons outlined above, shareholders find themselves with small amounts of shares. By working with retail brokerage firms, ShareGift USA offers their clients the ability to clean up their accounts and donate small holdings to charity.

Ballo: This year we have replaced the little buck-slip we'd always enclosed with our dividend checks with a more personalized note, signed by my boss, Peggy Foran, our Corporate Secretary and Chief Governance Officer. A lot of calls and letters come to her directly, and we are always sure that each one receives a personalized, individualized response. Often, we reach out via the phone, which surprises and gratifies people who may need a bit of extra attention. Our transfer agent knows our feelings about reaching out, and partners with us accordingly to provide 'Prudential-like service.' Recently, we, and our T-A, have been making special attempts to reach out to the heirs of deceased shareholders, to get them to transfer the shares, and to make it as easy as possible for them to do so - with FAQs, simplified forms and human help, where needed, from a team that is thoroughly familiar with estate transfers.



Full disclosure here too: Your editor has been a very happy investor in The Walt Disney Company since the 1990s – and in 2003 bought Disney stock through their DSPP for his first grandchild. Since then, the \$5,000 invested in five stocks for little Emily has nearly doubled, while the \$1,000 invested in Disney, with all dividends reinvested, had grown to \$3,449 by the 3rd quarter of 2012.

OPTIMIZER: Dorothy, you are fairly new to Disney I know, so give us a little overview of your role there – and about some of the top priorities you see where your role is concerned.

Flynn: The Walt Disney Company has just over one million registered shareholders, and about 700,000 street name holders – and 240,000 of our registered holders have just one share. I think it's fair to say that every one of our shareholders is a consumer of Disney products and services – and very many of them have been and will be lifetime consumers. They get engaged in our parks, get married there and celebrate birthdays, anniversaries and other special occasions in Disney venues. Clearly, they have helped us create a truly iconic brand, so they are extremely important to us. One of my own personal goals as the Director of Shareholder Services is to see that we get even more value out of our existing relationships with our individual owners.

OPTIMIZER: I know you serve as your own transfer agent. Tell us exactly what you do, and why you have been doing it in-house.

Flynn: Yes; we process all the transfer requests – many of which are related to gift-giving by grandparents, as you might imagine – and we answer all the phone calls and letters with our own staff. We take a great deal of pride in the way we treat our shareholders. They are our best guests – so we need to do everything we do with the same care and high quality they have come to expect in one of our parks, or on a cruise ship, or at any of our destinations.

We listen very carefully to our shareholders. This year, for example, an eight-year old stood up at our Annual Meeting to offer some advice on new things we could do and when we could do them to make more money for Disney stockholders. What an example of "shareholder engagement" I'd say – and we take all such comments very, very seriously. Not long ago we got comments from callers about the music they were hearing when they

The biggest practical tip I'd offer is to use all the resources that are at your disposal. When we started to brainstorm about improving engagement, we had folks from Corporate Communications, IR, our Procurement and Corporate-Sustainability groups on the team, and we still do. One shareholder wrote in that the handles on the totes were too short, so we lengthened them next year. It's very important to realize that one size does not fit all; you need to know your numbers, your corporate history, the makeup of your own shareholder base. But the most important takeaway, I think, is that you need to treat people right when you don't need them for something in particular if you want them to feel engaged, and favorably disposed to you when you do need them for something.

phoned in. Many callers – and I do think it is a "generational thing" – did not like modernized or rock and roll versions of classic Disney songs. They wanted us to stick to the old standard versions, so we've done so.

OPTIMIZER: In your earlier career, you were very well known in the abandoned property space. Has this been an area of importance in your new job?

Flynn: Yes, a very large number of those one-share holders never seem to cash their dividend checks. So we reach out to them before the checks become stale-dated, and constantly remind holders to update their email and street addresses, consider direct deposit of the checks – and to be sure to cash them. It's not our job to do nothing. Those due-diligence form letters are mostly ineffective. So we have become much more proactive to prevent escheatment.

OPTIMIZER: Any closing thoughts on the role of a Shareholder Services Director?

Flynn: Among the most striking and important things to me are all the ways that shareholder service people should be raising their own profiles within their own organizations. The links between customers and shareholders are very clear and powerful ones. Many corporate people are missing out on big opportunities to strengthen these links and to create additional value for their companies. Shareholder Services staff should be working hand-in-glove with the Investor Relations people - and with the Corporate Governance folks too. Shareholder Services professionals should get more deeply involved in our professional organizations – the Shareholder Services Association (SSA) of course, and NIRI, and the Society of Corporate Secretaries and Governance Professionals. These organizations provide Shareholder Service professionals with a continual stream of money-saving and value-creating ideas – that can greatly enhance our own value to the company, let's not forget.

"DRIPS" ALIVE, AND MOSTLY WELL DESPITE RUMORS OF THE DEATH OF RETAIL INVESTING...

An interview with Chuck Carlson, Editor of the DRIP Investor magazine

THE OPTIMIZER: Chuck, I know you read our recent article about the reported death of retail investing, so we wanted especially to reach out to you for your own reactions - straight from the front-lines of the self-directed investor universe. What do you see from your vantage point at the DRIP Investor magazine - and hear from your readers?

Carlson: This year is the DRIP Investor's twentieth year - and I'm pleased to report that rumors of the death of retail, self-directed investing are premature - although, for sure, it's not as big a thing these days as once it was. And in the longer term, I'm optimistic that we will see something of a rebound.

Despite all the mergers, and more than a few bankruptcies and near-death experiences on the corporate scene, we still track between 1,000 and 1,100 Dividend Reinvestment and Direct Stock Purchase Plans, affectionately known as "DRIPS" - and we have been reporting on two to three new plans a month. But four years after the 2008 market crash we still hear a lot of concerns from individual investors. Some long-term investors have been permanently spooked. Many people continue to voice concerns about the possibility of more "flash crashes" - and the possibility that maybe individual investors don't belong in this arena any more. Skepticism comes back quickly, even among those who have been staying the course. There has been a big shift to passive investment vehicles, like mutual funds and EFTs from an increasingly risk averse crowd. The demographics are also a problem in that many ageing investors simply can't afford much if any risk, and have moved entirely to fixed income investments. And this, I've been saying, is probably the worst thing a 55 year old investor could do.

OPTIMIZER: What about the sell-side analysts, who once were fairly powerful influencers of individual investor investment decisions? They seem to be a very much endangered species too.

Carlson: Yes, there is basically no research being published today on smaller and mid-sized companies, and this is a very bad thing for them - and for self-directed investors too, where such companies often have strong natural appeal.

OPTIMIZER: So do you think the retail investor segment can be rebuilt, and maybe brought back to its former size and strength? What would it take to do this?

Carlson: Actually, as I sort of implied above, individuals

face the very real risk of seeing their investments chewed up by inflation. Many of them will see their bond funds badly whacked once interest rates start to rise. And we still see considerable interest in the stocks of well known companies that pay good dividends.



My biggest reason for continued optimism about the future of DRIPs is the fact that they really work: In the first issue of DRIP Investor I started an Editor's Portfolio of six stocks that allowed me to purchase my first share directly through the plan. Back then there were fewer than 10 such companies. Today there are roughly 350 US companies and an equal number of non-US companies that allow you to buy your first share - and all the subsequent shares you acquire through dividend reinvestment and 'optional cash purchases' - without a broker. I have held five of the six stocks (one company, Browning-Ferris, was acquired in 1999) from 8/3/1992 through today. Of the remaining five companies, adjusted for stock splits, the stock price of Bristol-Myers is up 88%, Exxon's is up 462%, PepsiCo's up 269%, Proctor & Gamble is up 445% and Walgreen is up 684% as of 11/2/12. And that, please note, is before adding in the growth of the Portfolio through the reinvestment of dividends over 20 years. The combination of long-term investing, systematic dividend reinvestment, dollar-cost averaging and no-cost/low-cost investing is a very powerful strategy for wealth creation.

OPTIMIZER: Any other advice to issuers on how to get full value from their DRIPS?

Carlson: Yes; First and foremost, issuers - and their transfer agents - need to recognize that one has to work to get results. They don't come automatically. Very important, DRIP participants want to see the same high service levels at transfer agents that they have come to expect from Vanguard and Fidelity and other fund agents. There are many alternatives out there. Smart investors are always looking at them - and fees are always a very important issue. So charging a \$25 fee to join, or for a transaction, plus maybe 5% on the dividends reinvested is a total no-go for many smart investors.

There's another very positive thing for Plan sponsors and servicers worth mentioning: Events over the past few years have not endeared people to investing with large institutions. So there is a real opening here for companies that offer "direct investing." Also, the web-based functions at many plan agents have improved dramatically over the past few years - which is a major plus with many self-directed investors. The consolidation of transfer agents has been a good thing too, I think, with fewer, stronger agents to deal with. The number-one thing for issuers and agents to do, in my book, is to continually build

awareness where these plans are concerned – and then to make sure that plan features are robust – and fee-friendly.

Editor's note: The DRIP Investor is required reading, we say, for DRIP sponsors, companies considering a DRIP, or wanting to benchmark and improve plan features – and their plan agents. We are pleased that Chuck Carlson and Horizon Publishing are offering OPTIMIZER readers a special, lowest price ever-offered rate to become new subscribers. See form below for details...

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Dear Industry Colleague:

Recently I was asked by someone not familiar with the Shareholder Services Association (SSA) what is the purpose and mission of our Association. Actually, it is a very valid question. Shareholder services is a specialized area that does not get notoriety or publicity, but is an extremely important function just the same.

Our members are the individuals in the trenches who manage stock transfer, stock purchase plans, corporate actions and unclaimed property reporting, just to name a few. We are the managing force that ensures our employers are compliant in these areas. In addition, our Board participates on industry steering committees and advisory boards and keeps abreast of all the updates and changes within our industry.

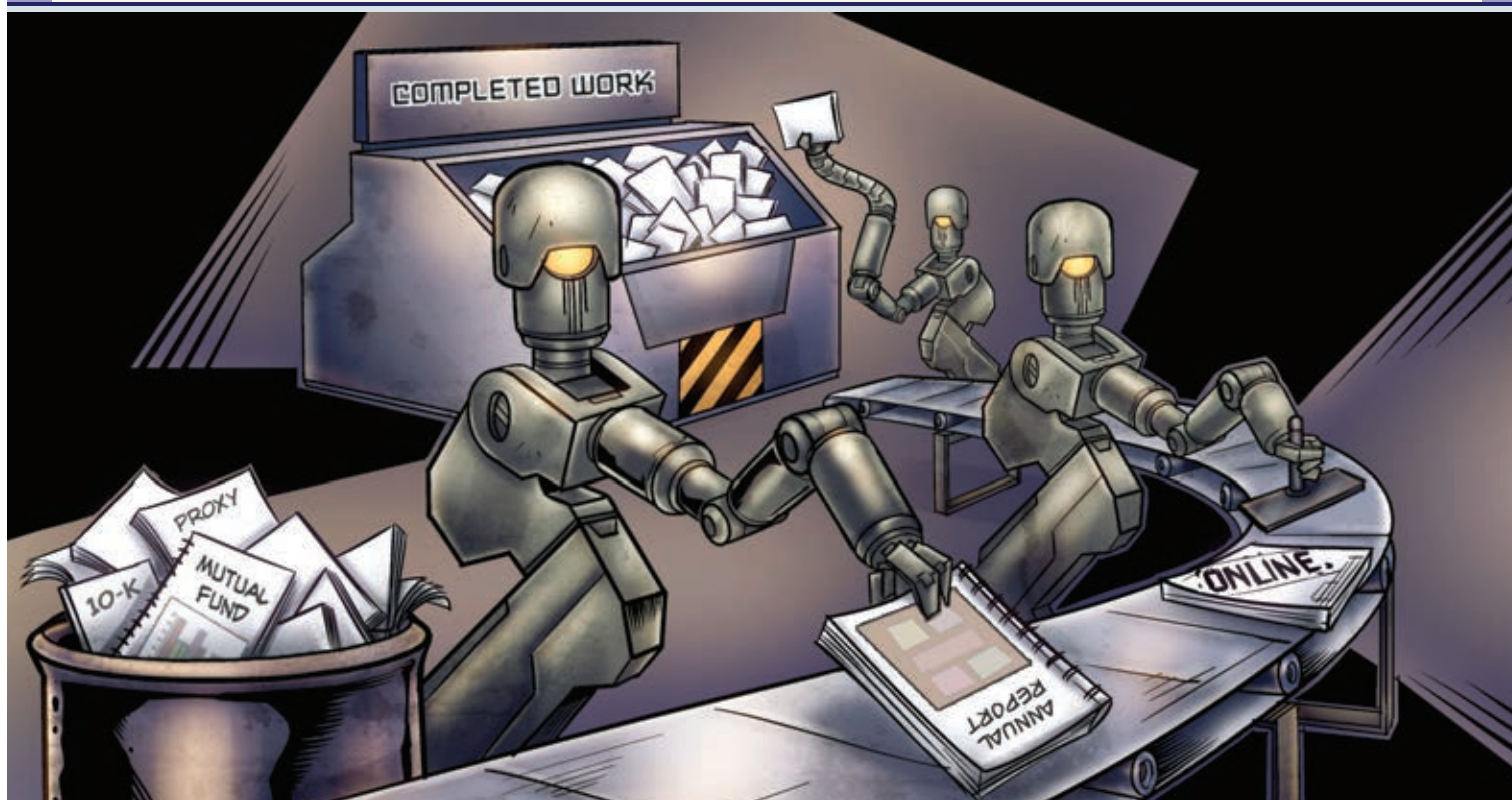
As a member, you have access to others who are eager to provide guidance and expertise in meeting the day-to-day needs of shareholder services and will educate you on how to address emerging issues and trends.

If you are new to shareholder services, we have on-line educational courses that are available at no cost to members and a minimal cost to non-members to help you get started in the industry.

For those of you that are not already a member of the SSA, I'd like to invite you to learn more about the Association and consider joining. I am proud to lead the Association as President and I encourage you to learn more about us and our eLearning opportunities by visiting www.shareholderservices.org.

I hope you will consider joining us at our Annual Conference in Stowe, Vermont, July 16 – 19, 2013. The networking alone will be worth the trip.

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REALLY REACHING OUT TO DIRECTORS:

Board and Director Evaluations Can Lead to More Effective Boards

By Kristina Veaco and Cherie Sorokin

A formal board evaluation process can be an invaluable tool for improving board effectiveness. The evaluation process allows directors to reflect on how they are functioning as a board; what is working well and what may not be working as well as it could. It also offers directors the opportunity to provide their perspective on what changes in board process and practices may help the board become more effective. Individual director evaluations enable directors to reflect on their own individual performance and possible ways in which their service to the company as a director could be improved. Peer evaluations can help directors understand how they are perceived by their colleagues and may surface issues which otherwise might be left unsaid but might be undermining or otherwise affecting board effectiveness.

The New York Stock Exchange requires listed company boards to conduct evaluations annually, and many other boards, including nonprofit and private companies also now regularly evaluate their own effectiveness.

The evaluation process is often managed by the corporate secretary who may develop and implement the process with oversight by the board committee charged with responsibility for governance matters (often called the Nominating and Corporate Governance Committee). Given the press of other board business, there may be a tendency to use the same process year after year. Unfortunately that means that the evaluation process can become a routine, check-the-box exercise yielding little useful information for the board or management. To keep directors focused and interested in the process on an annual basis and also to yield better information on the functioning of the board, its committees and individual directors, increasingly boards and corporate secretaries have turned to bringing in an experienced outside governance consultant to conduct the evaluation.

There are various reasons why it makes sense to engage an outside governance consultant to perform the board evaluation. While the corporate secretary may be seen as a neutral and effective intermediary between the board and management and among directors themselves, boards often find that the use of an outside governance consultant permits directors to be more candid in their comments on board operations and especially in peer evaluations

Kristina Veaco



Cherie Sorokin





VEACO GROUP

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of other directors. Similarly, the governance consultants can often be more straightforward in their comments than internal staff when presenting the results of the evaluation. Experienced governance consultants also have the benefit of having seen firsthand how other companies have addressed similar issues and what changes or adjustments to board practices and processes have been particularly effective. In any event, the corporate secretary will play a central role in the process, often managing the selection process for the governance consultant along with the Nominating and Governance Committee, or Chair of that committee and helping to build support for the process. The corporate secretary often works with board leadership to develop or help shape the format of the evaluation, appropriately documents the process, and helps to implement any changes to board practices as a result of the evaluation process.

At Veaco Group, we recommend that the methodology used to conduct board or director evaluations be tailored to the particular needs of each board and we spend time in advance to understand board dynamics and identify any concerns before recommending a specific evaluation process, which, in addition to the board evaluation might include committee evaluations, director self-evaluations, peer reviews or some combination of the foregoing. While we often rely on written questions and answers for part of the process, we also believe strongly in oral interviews to elicit a more candid discussion and to allow directors to more fully delve into the issues. Oral interviews also allow directors to address those issues important to them, which may vary from director to director.

We prefer to report results back to the board in the aggregate and without attribution. We synthesize the information gathered, identifying issues of particular importance or which may need further discussion. We also make recommendations on how to address the issues which surface during the evaluation process. Our recommendations are based on the results and our experience in working with boards on governance matters.

Confidentiality is of course essential to the process to encourage candor on the part of the directors. Consistent with many document retention policies, any notes on the interviews and any completed questionnaires are kept only until the results have been analyzed and presented.

We have found that our experience as former in-house lawyers running the corporate secretary function for

large public companies, gives us valuable perspective in understanding director concerns and also in recommending practical solutions for the public, private, government agency and nonprofit entities we now work with as consultants. Our clients also like the fact that we are lawyers and because we have worked so closely with boards both as internal governance practitioners and as external consultants, we understand the need for sensitivity and discretion.

Many firms now offer board effectiveness or evaluation services. When considering outside consultants for this very sensitive task, we recommend looking for a firm whose staff has a solid background in corporate governance and preferably experience in actually implementing governance, working directly with boards, so that there is a real understanding of how boards work.

Kristina Veaco and Cherie Sorokin are corporate governance consultants with many years of experience in the areas of corporate governance for both for-profit and not-for-profit entities of various sizes and stages in their life cycles. Following successful careers as in-house corporate lawyers with responsibility for corporate governance and the Corporate Secretary function at large public companies, they each started consulting in the governance field in recognition of the increased focus on the need for strong governance practices. Both are actively involved in educating others about governance practices, and are engaged with various governance organizations, including the Society of Corporate Secretaries and Governance Professionals.

Recent assignments include conducting a board evaluation for the board of the largest pension fund in the country, and for the board of the largest provider of workers' compensation insurance in California. Other recent experience include board evaluations for the boards of a leading healthcare company, the largest full service restaurant company in the country, a major commercial bank, an internationally recognized regional theater company and a fine arts museum.

You can see more about Veaco Group at www.veacogroup.com.

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5 *Strategic Questions*

to Ask Your Transfer Agent Before Renewal

by Peter Breen
General Manager, Broadridge Corporate Issuer Solutions

Synopsis: Even when corporations are satisfied with their transfer agents, they should periodically review these relationships rather than let them run on inertia, for three reasons: 1) the registered shareholder base keeps gradually shrinking, which potentially warrants cost reduction; 2) new technologies are enabling service enhancements; and 3) the industry remains very competitive during an era of consolidation. This article describes five questions each public company should ask before renewing transfer agent service contracts.



Transfer agency is one of many relationship-based services public companies procure from third parties – similar in some ways to relationships with auditors, accounting firm or advertising agencies. One important difference is that transfer agents interact with shareholders, as well as company employees.

Public companies and their shareholders take for granted their existing transfer agent relationships, so changing vendors may not seem worth the effort and expense. Consequently, most transfer agent contracts automatically renew, which promotes relationship longevity.

This is not always a blessing, for companies or shareholders. Without a comprehensive relationship review, public companies may be missing opportunities to enhance shareholder service, reduce costs, and anticipate or avoid complex challenges down the road.

Industry Dynamics

Let's evaluate dynamics that are unique to the transfer agency industry, all of which help to understand why a relationship review is important.

- Shrinking registered shareholder base. Registered shareholders gradually have been reduced to holding only about 2% of all U.S. public company shares. As the registered base keeps steadily shrinking, the projected cost of serving the last remaining registered shareholders will be relatively high for some companies.
- Tech and service enhancements. Keeping technology up-to-date and maintaining high service standards is no longer an option for transfer agents. It's become mission-critical in an industry with constantly expanding regulatory requirements.
- Competition. In recent years, the transfer agency industry has consolidated as many firms have been acquired or merged. Even if a company's registered shareholder base keeps shrinking, its business can be incrementally profitable for a transfer agent. It pays to stay abreast of the competitive market, especially as contracts approach renewals.



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Five Questions to Ask about Your Transfer Agent Relationship

Although each transfer agent contract may provide for an automatic renewal, it's not the relationship that should be automatic. Rather, it's a consistent review process to determine how well your transfer agent is meeting current needs at competitive costs. Here are five strategic questions that can help to focus a service contract review process.

1. How do current service needs and costs compare with those of a few years ago?

In a dynamic industry, change should be expected. A continuation of the status quo, year after year, can be an indicator of opportunities for a better contract, as shown by the following examples:

After the 2008-09 financial crisis, hundreds of public companies stopped paying quarterly dividends to conserve cash. Yet, some transfer agents have not yet made meaningful adjustments in their costs to account for less dividend-payment responsibility.

Why is this important? The perspective of several years' time can be useful in evaluating a long-term transfer agent relationship. If the ratio of service-to-cost has declined, your company should be aware of the fact and use it for leverage. At some companies, procurement policies require cost-benefit analysis and in-depth vendor reviews in such cases.

2. What are the deadlines and terms for the renewal process?

By asking this question, you can open a dialogue with your transfer agent, while also avoiding the impacts of automatic renewals.

Why is this important? When companies are not aware of their contract terms or deadlines, it can be costly. Under an "exit clause" contained in many contracts, the current transfer agent may impose additional fees if contracts are not renewed by specified deadlines. Contracts also may contain terms that automatically lock in the current vendor and speci-

fied terms (including automatic cost increases) unless timely notice is given.

There is no reason for surprises about renewal dates and terms. Start talking to your transfer agent early, and get the answers you need well before the renewal date.

3. Is the transfer agent clearly disclosing any way that it monetizes revenue from your shareholder base?

4. What do your shareholders think?

5. What will be the cost of the last registered shareholder?

For answers to questions #3-5, please email corporateissuer@broadridge.com

How to Assure the Right Relationship Track

Strong long-term relationships between companies and transfer agents are desirable. But without periodic reviews, your relationships may fall out of alignment with competitive standards in a dynamic industry. Your next contract renewal offers an opportunity to "true-up" the relationship by evaluating: changes in your registered shareholder base; service levels and satisfaction; competitive industry trends; and terms proposed by your current vendor and competitors. It never hurts to know what other transfer agents are offering, and what other public companies are negotiating.

It's important for corporate secretaries (and others who lead negotiations) to stay in touch with transfer agent industry events and trends. Talk to competitors and develop a deeper dialogue with your own vendor, including the five strategic questions above. Start the review process at least six months before contract renewal to cover all bases without pressure.

Transfer agent services are not now, and won't ever be, a commodity business. More than ever, this is a relationship-business. A thorough review process will help to make sure your relationship stays on track.

COMPUTERSHARE:

Earning its Clients' Business Everyday



*An interview with Jay McHale,
President, US Equity Services, Computershare*

Every year around this time, The Optimizer interviews Jay McHale, the President of Computershare US Equity Services, about what has been going on at Computershare and what clients can expect in the future.

Let's get right to it:

How is the migration of the BNY Mellon Shareowner Services clients to the legacy Computershare platform going?

Extremely well and we remain on target with six months to go.

I recognize this acquisition involves the largest client migration in Computershare's history. In fact, it's the largest in our industry. That's why we put together a team dedicated solely to the business integration and client migration. The core of this team is a group of people from around the world who have been responsible for more than a dozen acquisitions with millions of shareholders migrated.

The acquisition experience under our belts has allowed us to learn from both the negatives and positives of the process, especially during Computershare's acquisition of Equiserve and the merger of Bank of New York and Mellon. We understand the impact of the system migrations on issuers and shareholders so our people work very closely with clients to ensure good communication and consistent service.

It's been important for us to keep our clients happy during the migration so we've been really pleased with the positive feedback clients have provided about the migration process – and our service overall. Our clients are the reason we're in business and we have a deep appreciation for that.

How have you been able to continue to achieve great service ratings during Computershare's growth?

We achieved this the same way we've been improving quality and ratings every year: By listening closely to our clients as well as the shareholders and employees we service on their behalf.

We want to be easy to work with so client and shareholder feedback is vital. We take advantage of a lot of communication channels to get this information, including surveys, advisory boards, focus groups, and detailed analysis of day-to-day interaction.

It requires an extra level of attention to deliver consistent high quality service and maintain customer-focus during any integration, as well as to help people, internally and externally, adjust to all the changes.

Overall, I'm happy to say the feedback from clients and shareholders has been great, including strong ratings on this year's industry surveys, on multiple service evaluations conducted by independent research firms throughout the year, and across thousands of shareholder survey responses.

What has been your recent focus?

First and foremost, we've been working closely with all our clients, staying on top of regulatory changes such as Proxy Rule 14a4 and FATCA, responding to challenges related to super storm Sandy, getting to know our new clients, and helping issuers meet their corporate shareholder and equity share plans objectives.

We've also kept a strong focus on day-to-day service and maintaining "business-as-usual" for our clients while the



integration progresses. And we continue to stay connected with clients. We have an incredibly diverse client base -- from different industries, of different sizes, and with different needs -- and I truly enjoy connecting with the talented people at our client companies and sharing ideas. This connection is critical. We've been communicating regularly with all clients about the progress of the integration in general as well as more specifically with individual clients as they migrate to Computershare's proprietary systems.

Where is Computershare with the integration of the two organizations?

We're almost completely integrated at this point. Our human resources and integration teams have done a phenomenal job supporting staff through all the changes.

Organizationally, all of our internal support services, such as legal, human resources, marketing and finance, have been integrated for several months now.

Operationally, Frank Madonna is managing the day-to-day transfer agent and share plans operations while Joe Spadaford is focused on strategic operations across all of Computershare's US businesses. We've developed a site strategy and are bringing together the service teams while continuing to support two systems and service models.

On the client side, I will be managing the transfer agent and corporate actions businesses while Kevin Brennan, whom many people know from his senior leadership roles within the industry, will lead our US employee share plans business, including stock purchase plans, stock option administration, restricted stock and other services.

We're excited about the potential and thrilled to have Kevin and Frank join the senior management team.

What are some of the advantages of the acquisition to your clients?

The biggest advantage is our people. We have the largest, most experienced team of experts servicing our clients, leveraging the combined talent of two major service organizations. In addition, we're adopting best practices across the combined organization to improve service to

all clients, not just the former BNY Mellon Shareowner Services clients.

We have deep knowledge of compliance, legal, regulatory and all the critical areas that clients rely on us to understand for them, which is particularly helpful for micro-cap companies and IPOs. Of course, those clients that have been migrated or will be migrating will benefit from our proprietary systems and advanced technology, as well as our integrated Computershare Communication Services. Plus, once they have converted to our systems, they'll have access to Computershare's unmatched suite of integrated products. Legacy Computershare clients are particularly excited about our expanded equity compensation services.

What can clients look forward to in the future?

Clients can look forward to Computershare helping them meet their key objectives, whatever those may be. We continuously enhance our products and services to meet changing needs and Computershare maintains an innovative and entrepreneurial spirit that is quite unique. Our relationship management teams have a deep understanding of their clients' business and we look to proactively identify solutions to meet and exceed clients' goals.

While clients can expect Computershare to remain focused on delivering high quality service and exceptional value, we also want it to be easy for our clients to work with Computershare. So a lot of our feedback mechanisms and product development will be tied to that goal and we're exploring new service models and options to meet changing demands.

Most importantly, clients can be certain that we will work hard every day to earn their business. I've said this many times before in the Optimizer, we want every one of our clients to actively recommend our services to their peers. Right now, 9 out of 10 clients will recommend our services and we'll keep working hard to until it is 10 out of 10. Then we'll work twice as hard to keep it there.

Jay McHale can be reached at jay.mchale@computershare.com or 781-575-2223.

Relax, you're working with the best



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THE SHAREHOLDER SERVICE OPTIMIZER

HELPING PUBLIC COMPANIES—AND THEIR SUPPLIERS—DELIVER BETTER AND MORE COST-EFFECTIVE PROGRAMS

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AN EARLY LOOK AT THE 2013 ANNUAL MEETING SEASON

Our top-two predictions: (1) More investors will demand more face-time with CEOs than ever before—before, during and after the shareholder meeting...and (2) Low voting support for management positions will turn into much higher drama than ever before—at shareholder meetings—and at board meetings too.

Every year around this time we try to take a stab at predicting the way the next year’s annual meeting season will shape up—and what the hot issues will be.

The first prediction is a fairly easy one to make, given the theme of our annual magazine—and given the recent report from the Wall Street Journal: “Investors Demand CEO Face Time”—citing the greatly increased demand for face-to-face encounters by investors of every stripe. But when it comes to Annual Meeting Planning time—which is NOW—we’d add, “Be prepared for A-M attendees to be better prepared and far more confrontational than ever when it’s time to introduce the proposals—and during the question period as well.”

Our second prediction follows logically, as night follows day: Directors are antsy than ever—and pay much more attention to the actual vote than ever before: As we warned two years ago, “80 is the new 50 when it comes to a safely passing grade with investors”—and Directors are really taking note.

Do we think that we will see the 99-percenters, “occupiers” and the “pay your fair share of taxes people” back in the same numbers we saw last year? Actually, no. But when they DO show up, we expect them to be better organized, and better armed with better questions, and to come out in larger force at the companies they decide to target than ever before. And as we’ve also reminded, over and over, the averages don’t mean a darned thing to smart corporate people: The only shareholder meeting that really counts is your own.

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Do we think that “activist investors” from the public pension and social investing worlds will be back in bigger force in 2013? Here, we DO. Interestingly, the WSJ article—citing evidence that investors who’ve “looked the CEO in the eye” have significantly better investment returns than those who haven’t—is exactly the same argument that shareholder proponents—and we too—have been making for some time now. It really isn’t about getting secret “insider information”—although some savvy investors DO hire ‘body language experts’ to ferret out evasive or misleading or outright false info that CEOs and CFOs may give away—with what really good poker players call “tells.” The fact is that you CAN often spot the good guys—and smoke out the bad guys—just by watching them—to see if they CAN look people in the eye.

Do we think that companies that fail to “REALLY Reach Out to Investors” will pay a very high price for such failure? Actually, some will get a ‘free pass’ we think, so activists can focus on the ripest targets. One of our clients said she totally struck out in her “reaching out efforts” with most of last year’s naysayers on S-O-P—

who seemed to have much bigger fish to fry than hers. But heaven help you if you are in the cross-hairs of key activists and fail to really reach out, we say.

Do we think that more companies will be taken totally unaware by activists this year? Absolutely yes: In part it’s because activists, having had their way with most big companies, are working their way down the food chain to mid-cap and small companies who are easily taken unaware. In larger part it’s because we think the most basic human instinct is not for food, or shelter or even sex—it’s the instinct to believe that everything is “OK”—even when the evidence is to the contrary—until they see the blood starting to flow. And even then, many try to apply a band aid when maybe a tourniquet or some major surgery is needed.

So with this intentionally vivid imagery in mind, we would urge you to start planning NOW—and to follow our long-cited Annual Meeting Rule: Hope for the best—But always plan for the worst. To get you started we offer a list of articles with very practical planning tips below—all of them available on our website.

A LIST OF PRACTICAL TIPS AND RESOURCES TO BONE UP ON

All on our website, www.optimizeronline.com under “The Basics”

- Top Ten Tips for Annual Meeting Security
- “Our Number-One Tip for “Annual Meeting Security”—Having Safe, Sane, Sensible and Scrupulously Fair Rules of Conduct in Place”
- Meeting Admission Criteria
- Rules of Conduct for Shareholder Meetings—Revised for Twenty-first-Century Shareholder Activism
- Our Top-Ten Tips for Dealing with Activist Investors, Shareholder Proponents, Gadflies—and Other Would-be Speakers at Shareholder Meetings
- Are Your Proxy Chasers Following Smart—And Ethical Practices—In Telephone Vote-Gathering Campaigns?... Some Practical Advice
- Questions and Answers About Inspectors of Election: The Basics
- Our Primer on The “Proxy Committee Ballot”—And Why You Need To Have One
- A Quick Primer on Tabulating and Reporting Voting Results at Annual and Special Meetings of Shareholders
- Incentives that will prod investors to vote their proxies...plus the top-three dis-incentives

PROXY FIGHTS:

WHAT EVERY PUBLIC COMPANY NEEDS TO KNOW—AND DO —IF ACTIVISTS “REACH OUT” TO THEM...WITH A CUDGEL

The OPTIMIZER's editor has been involved in well over 100 proxy fights in his long career; including eight knockdown drag-out fights this year alone.

So it occurred to us that we should share the information we typically impart to public company officers who reach out to us when a proxy fight is looming, since most such folks have never contemplated such an experience... and because timely action—and being totally well-prepared—are of the essence, if one wants to win.

First and foremost, as we emphasize to the targets while we are still “neutrals” — “They call them proxy fights for a reason: Don't think of them as ‘proxy contests’—which might imply a sort of fair event, where ‘the best man wins’: They always turn out to be FIGHTS.”

Rule-2—And never forget it; the main rule of the road, and the main thing to expect, and to prepare for, is that “All's fair in love and war”...And this will be a war, for sure. So expect each side to hide its hand, to feint and bluff and yes, to use every trick in the book, including dirty-ones if necessary, to fool the other side, and ideally to lull them into a false sense of security— and eventually to ATTACK...with passion...in order to WIN.

Rule-3—Never, ever, get lulled into a false sense of security: Every single launcher of a proxy fight expects to win—and has a plan and a theoretical pathway to victory that likely you know nothing about...like, for example, a “secret ally”—or allies—or a lethal “piece of dirt” to throw out at just the right moment; Otherwise, they would not spend all the time and money it takes to launch a proxy fight. This year, one courtly CEO who called us to be the Inspector, assured us up front that they had “a hard core of third and fourth generation investors” who'd be with him to the end. “Please don't be so sure” we warned: “Third and fourth generation investors often have investing objectives of their own—that are not their father's and grandfather's objectives—and are probably not like yours” we told him. And sure enough, and very sadly we thought, the lovely old gentleman was sent packing by a first generation investor—egged on by her thoroughly modern grandkids.

Rule-4—a corollary to Rules 1 through 3: Be prepared for the fight to get down and dirty: Insurgents usually have a passel of ad-hominem arguments and some juicy gossip, or better yet, actual dirt to dredge up to support their plan to oust one or more directors, which is usually goal-one in a proxy fight. Mudslinging simply goes with the territory, and is often the key to victory.

Rule-5—is often the rule that dooms so many incumbents: “Winning” may mean something entirely different to your opponent than it does to you: They may say they want to replace some of your board members, or require annual elections of directors, or majority voting provisions—but often their real goal is to simply put your company in play, then quickly take their profits—and maybe get your company to pay their expenses for the proxy fight—then laugh all the way to the bank.

Rule-6—Another rule that dooms many proxy fighters is that “Rules Count”: And the “rules of proxy” please note well, revolve mostly around previous proxy cases and related court decisions and mostly involve a lot of highly technical and sometimes totally counterintuitive minutia. (Take our little proxy-quiz below, to see how you'd do on your own.)

Rule-7, also a corollary of Rules 1-4 and 6, is this: Be sure to get totally independent EXPERTS to serve as your Independent Inspector(s) of Election. Every single proxy will be scrutinized by the “other side” in an effort to throw it out on technical grounds. The Inspectors—who will have taken an oath to be completely impartial—will have to rule on every such item—so they'd better know the “rules of proxy” inside and out.

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Rule-8 is to be sure that Inspectors have documented the “rules of the road” that apply in your state of incorporation, and have done so with care: We are amazed at how few Inspectors do this—AND at how unfamiliar with these requirements some supposedly expert proxy solicitors turn out to be.

Rule-9 is to hire a TOTALLY DIFFERENT EXPERT to serve as your proxy solicitor than the people you have hired to count the votes and to “inspect”: Appointing a “proxy fox” (which IS exactly what you want to have on your team) to decide how the ‘chickens’ have voted, and to tally the vote, will never stand up to scrutiny, and will often turn your reported “win” into a big loss. (See our 3rd Q 2012 issue for an example or go to www.optimizeronline.com/The_Basics.aspx for “Are your proxy chasers following smart and ethical principles?”)

Rule-10—and perhaps the most important rule of all—is that if one side in a proxy contest has an expert proxy solicitor and the other does not, the side with the expert will almost always win. Fighting a proxy fight is NOT a “do it yourself project”—nor is it a project that can be successfully managed by your in-house and outside legal teams...if you want to win, that is.

For a short list of the true EXPERTS here, go to the Online Index of Products, Services and Service Providers that is also on our website.

TAKE OUR PROXY-CONTEST CONTEST TO SEE HOW MUCH YOU REALLY KNOW ABOUT “THE RULES OF PROXY”

- 1.** A proxy is made out to John Doe, custodian for Joe Doe, a minor. The vote is challenged because it is signed by Joe. Is this vote good or no good?
- 2.** The Inspector rules “no good”—but the other side looks at the shareholder register and sees the account has been open for over 21 years, so Joe is clearly not a minor. Is it good NOW?
- 3.** A very large proxy is faxed to the meeting site before the polls close, changing the outcome from a loss by the company to a win by a nice margin. No good, says the other side, because only the front of the card was faxed. “The intention of the voter and the signature of the voter are crystal clear” the company responds. Good or no good?
- 4.** “These proxies are no good” says the challenger, brandishing a large pile of cards where only one of two joint tenants signed. Are they no good?
- 5.** “And look here; it says right under the signature lines that both tenants must sign.” Doesn’t this clinch the case?
- 6.** A proxy made out to Nancy Smith is signed “Nancy S. Feelgood”: “This is obviously invalid” the losing side protests. No good, right?

ANSWERS TO OUR PROXY-QUIZ: (1) No good. (2) Still no good: Inspectors must confine their inspections to the “four corners” of the proxy. They are not allowed to seek or to consider “extrinsic evidence”—with a few exceptions that, while important ones, are too arcane to discuss here. (3) Sorry; a prior court decision—plus the Business Codes in most states—require a fax or photocopy to be a “complete copy” of the document. (4) These are all good. (5) As to the language on the card re: two signatures, this is not required by law and should be specifically covered by the Inspectors’ guidelines to boot...So moot. (6) Our own Presumptions as to the Validity of Proxies, and the model codes for most states, provide that if the Inspector can reasonably assume that the signature reflects the signer’s new marital status, the vote is good. Also, where they may be ambiguity, Inspectors are to favor validity.



It's usually a good idea to

avoid unnecessary risk!

How to avoid sticky situations with your unexchanged shareholders.

- ▶ Mitigate Escheatment risk
- ▶ No cost to issuers
- ▶ Positive shareholder outreach

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TRANSFER AGENTS: OUR TOP TIPS AND A LIST OF RESOURCES FOR ISSUERS LOOKING TO MAKE SENSE OF INDUSTRY TURMOIL

When your editor started in the shareholder servicing business—in the 1960s he must confess—there were well over 1,000 transfer agents. Every major bank in New York City was one—like Bank of New York, Bankers Trust Company, Citibank (then “First National City”) Chase, Chemical, Franklin National, Irving Trust, JP Morgan, Marine Midland... down to little Republic Bank...and others... In Chicago there was Continental Bank, First Nat’l Bank of Chicago, Harris Trust, LaSalle National...et al. In California there were at least five bank agents...and five in Texas...and at least two in Seattle and in Portland...and in most every other major city. There were over 1,000 privately-owned transfer agents too—several of whom have survived, and thrived...but most are gone now, or handle mostly unregistered and/or unlisted securities.

Today, the industry is down to one “mega-agent”—with commanding market share—two “mid-sized agents”—two good-sized independently owned and operated agents...and, as we had long predicted...a relative newcomer to the industry; one that we also predicted will change the landscape dramatically going forward...plus a dozen or so very small agents serving the very smallest companies. And, as the OPTIMIZER has said again and again, “The dealin’ is far from done”...mainly because the industry “drivers of income” continue to contract...with no end in sight.

The pace of mergers, acquisitions, going-private transactions and bankruptcies far exceeds the rate of companies going-public. Equally bad, the number of registered holders also continues to contract inexorably—due to what we call “secular attrition” (read the ‘passing’ of old-time ‘certificated holders’ and the clear preference for street-name registration on the part of their heirs and assigns.)

Against this unsettling background comes the need to periodically look around, and maybe to shop around—partly as ‘insurance’ against what will surely be the departure of one or more agents from the scene—but also in response to corporate policies to periodically review all one’s vendor arrangements.

Accordingly, we thought we are probably overdue in summarizing our own “Top Tips” in terms of things to do and actions to take to stay on top of things—along with a list of articles to review if this is new to you, so here they are:

- **Start, we advise, with a list of Who’s Who in the business:**

(Go to our website, www.optimizeronline.com and click on our **Online Index of Products, Services and Service Providers** for a short-list. Also, this issue of the OPTIMIZER’s annual Special Supplement—while clearly not all-inclusive—will give you an excellent overview, we think—and a strong idea of who IS who, and what they, and their business models are like. And all of the T-As represented here are decidedly worth a look.

- **Pay close attention to the “tone at the top”:**

This is still the most important indicator, by far, of the kind of businesses they really *are*—and how well they fit with your own company’s needs—and *approaches* to shareholder service. The “chemistry” is still the top thing one should be focusing on in the end, we say—along with the overall “ethical environment”—which we, as very long-term “insiders” can’t stress enough. (See the article in this issue for two examples of serious warning signs.)

- **If you are not entirely satisfied with your present agent—or not entirely sure how they are really doing for you—read our article on that very subject for starters:**

Go to www.optimizeronline.com and click on “Sample Articles” for “What to do if you are not satisfied with your transfer agent.” We are still strong believers in trying to work out “issues” with one’s current agent if at all possible, since changing agents involves considerable work, and risk, and many other operational and “political uncertainties” that staying put can avoid.

- **If you are really unhappy—or—if your company policies mandate a more careful periodic look-see—be sure to read the article under “The Basics” on our website—on how to proceed**

—AND on how to make the decision—AND on important dos and don’ts, and things to consider before you sign a contract: “A Checklist of Best Practices in Selecting a Transfer Agent.”

- Since we published the article on the RFP process—and on transfer agent selection—we have given quite a bit of thought to the “RFP-LIGHT” concept: We sort of like this idea, of maybe just asking for a brief business overview and an approximate “indication” of the fees that would likely be offered—just to keep the process simple, and to maybe satisfy the purchasing gurus. We also think that your outside consultants might be able to leverage their own knowledge from recent RFP engagements—and come up with something shorter and simpler than a full-blown RFP process. But most companies seem to find that this won’t cut the mustard with headquarters—and, since one only does this every five years or so, giving it short-shrift is probably not that smart. There is more than an outside chance in this business that today’s “number-two choice” might have to become your next port of call...on short notice...thus...
- Do a very careful assessment of how likely the agents on your short-list are to survive in the business over the long term. The last thing you’d ever want to do is to recommend a new agent to your Board, only to need a new one before the ink on the contract is dry.
- No matter how intensively, or how far afield—or how “selectively” you may decide to look—DO hire an “expert consultant” to help you: There are at least three good ones out there (including the Editor’s own firm, although we hasten to say that we mostly do this for existing customer or subscribers, since it involves a lot of work and a truly astounding amount of paper-pushing—even with “RFP-Light”).

“All professions are conspiracies against the laity” one industry expert, Jack Sunday, wisely reminds, quoting George Bernard Shaw. And when it comes to transfer agents, we most heartily agree: When we see some of the old T-A contracts that ‘laymen’ have signed off on—and read some of the fine print they’ve signed off on, or were ready to sign off on—like “roach motel provisions,” caps on T-A liabilities, commitments to buy a host of other services at unspecified prices—we can guarantee that using an expert will pay for itself many times over...not to mention the big CYA benefits.

OUT OF OUR IN-BOX: A WARNING: SOME TRANSFER AGENTS TRY TO INDUCE ISSUERS TO BREACH FIDUCIARY DUTIES TO SHAREHOLDERS

Early in December we received a call from a trusted and well-known finder of lost shareholders. “We have a client who just told us that their transfer agent was ready to give them a \$25,000 ‘rebate’ on their transfer agency fee—if they use them to do a post-merger cleanup of lost and un-exchanged accounts. What do you think of this tactic?”

“Wait a second! We received a similar call—from someone else—on this very thing...about nine months ago. And it made our blood pressure rise to the moon! This is a total outrage” we replied.

“If anyone should be benefiting from ‘rebates’—or from getting the best deal possible—it should be the shareholders themselves” we said, exactly as we’d said before.

“Issuers owe them a fiduciary duty to try to find them, we say—and, of course, to get them a fair deal. Instead, some shabby vendor is offering a prospective customer an opportunity to serve himself—and to tell his boss what a great deal he cut—and maybe get a bonus...or hang on to his job a little longer? A total outrage—and something that should send savvy buyers heading straight for the hills!”

Fair warning shabby vendor: This is our last warning on this: If we hear of one more instance like this, we will go straight to the SEC and file a formal complaint!

Here’s yet another breach of ethics we’ve railed about before:

where a transfer agent “sells” a client on the idea of allowing them to offer a Dividend Reinvestment Plan—or to raise the fees on an existing DRP—in exchange for a steep discount on the company-paid transfer agency fees.

The top scam behind these rebates is to charge shareholders up to 5% of their dividend check for ‘automatic dividend reinvestment’—a process that, as we have been saying for years, based on our own personal knowledge, is easier and cheaper than issuing and mailing a dividend check. Same basic idea: the company clerk gets a pat on the back—and maybe a bonus—as does the sleaze-ball sales person—while shareholders get the shaft.

One might say that hey, the company gets the benefit of lower fees, so where’s the beef? WE say that companies—and their shareholders—derive MAJOR benefits from properly structured and properly marketed DRPs and DSPPs—which are far in excess of the “rebates” that are being proffered... So both the company—and its shareholders—are being ripped-off by a few short-sighted profiteers.

For more info: go to www.optimizeronline.com click on “The Basics” and read about “Dividend Reinvestment and Direct Stock Purchase Plans: Powerful Tools to Optimize the Value of Your Retail Investor Base” Also: “Our Top-Ten Reasons to Grow—and to Guard—Your Company’s Retail Investor Base.”

REGULATORY NOTES...AND COMMENT

ON THE HILL: President Obama and House Speaker Boehner continue to “cluck defiance” and (for those who don’t know that hoary rooster v. lawyer-joke) ‘fool with de’clients’ and otherwise ‘play chicken’—perilously close to the fiscal cliff, as we prepare to go to press. Our bet is some sort of temporary “fix”—with the can, which sure ain’t a can of chicken-feed—kicked down or over the abyss yet again, until 2013.

AT THE PCAOB: Peekaboo indeed. And Ouch!—The Public Company Accounting Board said its latest audits found that a whopping 22% of the audits conducted by eight major accounting firms were found to be deficient—up from 15% in 2010. Among the problems; failures to identify and test controls on revenue, inventory, fair value accounting and the valuation of pension assets. Senior managers—and Directors—really need to ramp up their own actions here: They need to know more about who the baddest actors are—and what they’ve most often failed to do—and whether their own companies were put at risk by such failures to conduct proper audits. Equally important, the top brass should be asking themselves if their own statements as to the financial controls they have in place are clear—and ADEQUATE: If so, why so many problems with the audits? These statements should provide clear and easy-to-follow ROADMAPS for auditors to follow, no?

AT THE SEC: The big news, of course, is the recent retirement of Chairman Schapiro, the nice and easy selection of her long-term friend and like-minded colleague Elisse Walters as Chair—at least for a while—and the “sweepstakes race” if such it is, to be the next Chairman. Despite the many criticisms we’ve made of the SEC under her watch we LOVE Mary Schapiro—and think she was one of the best Chairmen ever. She clearly saved the SEC, thank goodness, by sticking to business and putting up with more “stuff” from politically motivated critics than anyone we could imagine.

But as we look at our own very long list of hot topics the SEC has been kicking around for years—with no resolution—we pray, first and foremost for an ENFORCER...like Robert Khazami. But guess what? We are still badly in need of serious regulators.

How’s this for a wish-list: The long-promised fix of “empty voting” and “double-voting”—*scandals*, that make a mockery of “shareholder democracy...Or action,

after nearly 25 years of promises for “new transfer agent regulations”—where the current ones foster slow and sloppy execution that actually increase risks for hapless T-As and their individual investor clients. How about those long-promised 12-b-1 fee reforms, where current rules have allowed mutual funds to systematically rip-off individual investors for decades now—for “marketing services” that literally pick their pockets, and do them no good at all? Or the suddenly rediscovered fact that those 10b5-1 plans—that permit senior executives to sell at the top of the market, and avoid multi-million dollar losses—at rates that are statistically impossible to achieve via a “systematic sales plan” that isn’t stacked in favor of execs, trading on inside-info; “plans” that no one ever gets to see but the beneficiaries. What about those flash-trading schemes—aided and abetted by stock exchanges, pretending to be “SROs”... that regulate nothing... and nobody? Or how about the most current scandal—where suddenly the SEC is suing five big accounting firms over failed audits in China—even while they make it easier than ever for bad firms to go public under the JOBS Act—which is fast living up to predictions that (a) the JOBS act would not only live up to its nickname—the “Jumpstart Our Billing of Suckers” act—but (b) would create NO new U.S. jobs at all!

IN THE COURTHOUSE: Chevron fires back big-time at activist investors—with a subpoena to Trillium Asset Management demanding documents and information about its contacts with the press in connection with the \$18 billion judgment against Chevron rendered by an Ecuadorean court. “Our case is about a massive fraud and extortion scheme...The conspirators enlisted a network of not-for-profits, so-called shareholders who were acting independently but really acting in collusion to get out their false story” a Chevron spokesperson told NYTimes reporter Gretchen Morgenstern. The big Sunday Times story also reported on Chevron’s November ethics complaint against New York State Comptroller Thomas DiNapoli, who oversees the NY State Common Retirement Fund, alleging “an illicit and unethical quid pro quo arrangement” where the comptroller allegedly put pressure on Chevron in exchange for campaign donations. Talk about “REALLY Reaching Out to Investors”—who certainly seem to us to have overreached—with a big stick in hand!

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WATCHING THE WEB:

“And now, the pope will tweet” blurbled AOL-On Network, noting that “the 85 year-old Benedict pushed the button on a tablet brought to him at the end of his general audience, after the equivalent of a papal drum roll” when an aide solemnly intoned the headline statement. Within just a few days, Benedict’s tweet attracted over a million ‘followers.’

Sillier than a tweeting pope, we say, the SEC weighed in with a Wells Notice, warning Netflix CEO Reed Hastings about possible Reg F-D violations for his 43-word Facebook note in July that Netflix subscribers watched over one billion hours of video the previous month. **Take a look at our SEC notes above, SEC—and wake up to how much truly important stuff you’ve left undone, while pursuing stupid stuff like this!**

PEOPLE:

Governance expert Francis Byrd, the much-followed author and editor of The ByrdWatch at Laurel Hill Advisors has left the firm, but we expect him to resurface quickly. Contact Francis at ByrdSpeaks@gmail.com.

Computershare has announced the top-management lineup, as it passes the halfway mark in integrating the BNY-Mellon transfer agency business: Jay Mc Hale, will continue his role as Computershare’s President and Six-Sigma expert Joe Spadaford, Executive Vice President, will continue his focus on strategic operations across all of Computershare’s U.S. businesses. Ex-BNY-Mellon Chief Operating Officer Frank Madonna will manage the day-to-day transfer agency and share-plan operations and BNY-Mellon veteran Kevin Brennan will lead the U.S. share plans business. Peter Duggan, who led relationship management at the old BNY-Mellon business will manage a team of senior relationship managers and will manage the product development team in the combined organization.

Ty Francis, former Publisher at Corporate Secretary Magazine has left to join the prestigious Corporate Board Member magazine—an NYSE Euronext Company—as Vice President and Associate Publisher.

Brendan Sheehan, yet another former Publisher/editor of Corporate Secretary Magazine, who struck off on his own earlier this year, has also signed-up as a Senior Associate at

Stuart Levine & Associates, LLC. A terrific alliance, we’d say: Levine is a former Chairman of Dale Carnegie, a best-selling author and is currently a member of several boards, besides being active as a board consultant, and a wise and great guy to deal with.

Susan Ellen Wolf, a former Corporate Secretary, Chief Governance Officer and Associate General Counsel at Schering-Plough before it merged with Merck, and a former Chair of the Society of Corporate Secretaries, has joined ShareGift USA as its new president, succeeding Barbara Wynne who resigned to focus on family issues. “Susan was the first corporate executive to advocate using ShareGift USA in her firm’s \$40 billion merger with Merck,” said ShareGift Chairman Barbara Vogelstein. Susan will also continue in her role as CEO of Global Governance Consulting, a firm she founded after the Merck merger.

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COMING SOON:

**A REPORT ON OUR CALLS TO T-A CALL CENTERS
FRESH TIPS ON GEARING UP FOR THE 2013 PROXY SEASON
OUR SHORT LIST OF “HOT ISSUES” AND “FAST EMERGING PROXY ISSUES”**

Tablet use skyrockets

Issuers must adapt to remain compliant

Rhoda Anderson, CEO of EZOnlineDocuments, LLC



The advent of tablet and mobile technology continues to change the landscape of shareholder communication. Incredibly, already 34% of consumers are using tablets¹ and issuers need to support their usage habits. Issuers, however, also need to be aware of the differences between tablet and computer technologies—and they are major. Unfortunately, a lack of understanding can lead to issuers falling out of SEC compliance and alienating their tablet users.

Tablet Technology Different

At first glance it may seem simple that a user can access a website and pull up an important document or download a PDF onto their tablet. However, from a technical standpoint, websites and PDFs don't always function the same way on a tablet. The issuer must ask: "is this compliant?"; "can the shareholder easily access the information?" In reality, the documents may not allow for proper navigation or searching. Downloads, apps, plug-ins or other software are often needed to view the documents. A shareholder could easily become frustrated with installing an app or program. To complicate matters further, the issuer must be sure that such a download is compliant and doesn't track the investor to the site.

SEC Compliance

The SEC rules for online documents also states the intention of the rules (among others) is: "to improve the efficiency of the proxy process and shareholder communications²." While some online formats may provide for the bare necessities, it is not in the "true spirit" of the law if it is too complicated for the shareholder to get the desired information. Shareholders should have the simplest way to access, search and view key information. Now, with the increasing use of tablets, the game is changing.

According to a 2012 study by Frank N. Magid Associates, Inc., tablet use is projected to grow another 34% in the next two years¹. In the same study, 66% vs. 28% of responders preferred tablets over computers. The tablets users are sure to have different expectations than the shareholders preferring paper or traditional computers. Everything from touch screens to graphics—right down to the basic functionality—is different. If the issuer's document is not fully translatable to the tablet world, they also run a risk of alienating the most progressive shareholders and not satisfying SEC regulations.

Tablets, Tiles, Swiping, and More

And with the growth of this technology, comes the new tile interfaces supported by the major operating systems. The tile system provides a much easier way to navigate a touch screen and is being adapted rapidly by systems developers. It is a whole new dynamic in shareholder communication. In addition, tablet users are accustomed to being able to turn the page with a swipe of their finger. And, of course, tablet users need to be able to search for information.

Test the documents yourself!

Issuers need to test their documents for tablet users—an easy, yet necessary task. Is the document easy to use? Is it searchable? If it is not, then be sure to address those concerns. The fast-growing tablet user base will appreciate it.

¹2012 study of tablet usage by Frank N. Magid Associates, Inc.

²"Shareholder Choice Regarding Proxy Materials" release 34-56135, Securities and Exchange Commission



About EZOnlineDocuments and its newest tablet features:

EZOnlineDocuments has been the leader in online document conversion for materials—proxies, annual reports, 10-Ks, mutual funds and more—since 1998. EZOnlineDocuments has now introduced new tablet features including EZOnlineTiles, page swiping and more—in addition to also supporting all other features including tab-based menus and full-text searching.

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Registrar and Transfer's SM@RT System

"Virtually" Eliminates Out-of-Balance Positions

Out-of-balance stock plan positions are a critical problem for the treasury departments of any public company. It is essential to be in balance, particularly before a record date. Issuers are required to notify regulators of any out-of-balance position, which can be embarrassing, to say the least.

"R&T's SM@RT System is intuitive and easy to use. We're an active issuer and I like the control the SM@RT System gives us."

Thomas Peterson
Director, Finance
Omega Healthcare
Investors, Inc.

Registrar and Transfer Company's SM@RT System (Stock Movement at Registrar and Transfer) is a virtual system that gives you the ability to issue, track and reconcile - option, DRP and plan issuances, eliminating out-of-balance positions.

The system is proprietary, designed in-house and enhanced over the last 10 years to become the state-of-the art system it is today.

The flawless execution of stock option and plan issuances has become one of the most critical and complex functions that a transfer agent performs. It is essential that a transfer agent track and balance each reserve and produce detailed reports to help issuers and plan administrators stay in balance. This is the area where Registrar and Transfer Company provides a superior level of service to its clients.

The first step is to establish all of the on-line plan reserves. These are then able to be accessed through drop downs menus in the SM@RT System. Having a legal opinion "on file" eliminates the need to burden the General Counsel. The issuance of shares through SM@RT automatically corresponds to a reduction in the appropriate reserve or treasury account.

"I find the SM@RT System to be accurate, easy to use and a real time saver when we are issuing new shares."

Sandra K. Goebel
Senior Paralegal
General Moly Inc.

"I have found Registrar and Transfer Company's SM@RT System to be an efficient program to process option exercises. The system is accurate and user friendly. I receive confirmation emails in a timely manner and reports can be easily generated."

Sheila Linton
Vice President &
Corporate Secretary
Access National
Corporation

The second step is processing issuances. Each password-controlled issuance incorporates a unique client defined tracking number for ease of research and reconciliation. The client can direct us to deliver the shares in book, DRS, certificates, first class mail, Federal Express or directly to a brokerage account electronically, via DWAC.

Clients are able to attach Excel spreadsheets in a secure portal, for vesting plans or large issuances.

Automated email messages are sent when transactions have been entered, completed or when a transaction cannot be completed (e.g. The broker fails to enter a

transaction). A second email is delivered to a supervisor or the treasury department to monitor transactions and reserves.

A note book field is provided for each transaction, enabling the user to store historical information. Clients are able to research transaction history logs and notes on all transactions.

You will also be able to produce “real-time” reports of the reserves balances, as well as reports detailing all transactions that have taken place “between any two dates.” This ensures that you are able to balance reserves, and maintain a tight control over this critical function.

“We utilize the SM@RT System on a regular basis to issue shares, and receive them back. The entry process is very simple and allows us to process transactions quickly and efficiently, which is paramount to us in ensuring our shareholders’ needs are met.”

Meghan Hibner
AVP/Controller
Westfield Financial Inc.

We have worked with clients that use all of the options tracking software or service providers.

Talk to your Treasurer and Stock Plan Administrator: We would be happy to schedule a 5-minute “virtual” meeting to demonstrate the SM@RT system.

Everyone will be automatically registered to win a new iPad 4!

Schedule a time to see the system - call or email:

Mr. William Saeger
800-456-0596 x2502
wjsaeger@rtco.com

The screenshot displays the Registrar and Transfer Company (RTC) website, specifically the SM@RT (Smart) system interface for issuing shares. The header includes the RTC logo and navigation links: CONTACT US, SEARCH, FAQ, FORMS. The main navigation bar contains links for ISSUES, INVESTORS, DIVIDEND PLANS, OUR AFFILIATES, A/M CENTER, NEWS, and LOGIN. The SM@RT system is highlighted in the top navigation bar. The main content area is titled "SMART :: ENTER ISSUANCE" and is divided into two main sections: "STEP 1: Choose transaction type:" and "STEP 2: Enter your transaction by completing the following fields:". Under STEP 1, there are two radio buttons: "Stock Issuance (Deliver Shares)" and "Resets of Shares (Receive Shares)". Under STEP 2, there are several input fields: "Order Number:" (User Specified), "Number of Shares:" (up to 4 decimal places), "Cusip/Issue #:" (98765X100/5559 (TEST COMPANY)), and "Stock to be Issued FROM:" (Reserve). Below these fields is a section titled "ENTER UP TO 8 RESERVE ACCOUNTS:" with a table for entering reserve account information. The table has two columns: "Name of Reserve:" and "Shares:". There are 8 rows for entering reserve account information. Below the table is a section titled "SEND SHARES BY (DELIVERY METHOD):" with radio buttons for "1st Class Mail", "Express Mail", "DIVAC", "Other (Specify in MEMO field below.)", and "Credit To Book Entry". There is a section titled "DWAC" with a "Shareholder Name:" field. Below that is a section titled "ENTER BROKER/DEALER INFORMATION:" with a checkbox for "Broker/Dealer information will be specified via attached file". There is a note: "NOTE: An attachment should only be used if multiple brokers are involved in this transaction. If only 1 broker is involved, please use the fields below." Below the note is a section titled "IMPORTANT: Any applicable cost basis data must be supplied directly to the broker/dealer." with input fields for "Broker/Dealer Name:", "DTC Participant #:", "Clearing Broker/Dealer Name:", and "DTC Participant #:". There is also a "Memo:" field. At the bottom of the form are three buttons: "Enter This Transaction", "Clear Fields", and "Cancel". The footer of the page reads "REGISTRAR AND TRANSFER COMPANY © 2012 | PRIVACY POLICY".

Interviews With Two Long-term Clients of Wells Fargo Shareowner Services

Q. What makes your Shareowner Services relationship successful?

Doug: “Wells Fargo has been our stock transfer agent since our stock began publically trading in 1929. During this time, Wells Fargo has proven to be a leader in staying on top of developments within this area and displayed the ability to adapt to an ever changing environment.

They implement changes tailored to meet the needs of our shareholders and strive to make these changes as transparent and painless as they can. Our relationship manager is an excellent resource for us and keeps us informed on any changes that Wells Fargo is planning in this area.

Having access to senior management and Todd May, the head of the stock transfer area, is a plus. Wells Fargo is definitely service oriented, as evidenced by annual meetings with our relationship manager. Wells Fargo provides us with a high level of service and a valued platform for our shareholders.”

Victoria: “We are extremely pleased with the exceptional service and customer support Wells Fargo delivers as our transfer agent.

It’s critical that Wells Fargo responds quickly, understands and can meet the needs of our U.S. and international holders, and quickly and successfully resolve any inquiries. Our dedicated relationship manager ensures this is happening.”

Q. How important is service for both your company and your shareowners?

Doug: “Shareholder relations is very important to the company. As a result the company devotes significant time and resources to maintain excellent shareholder relationships, whether on an internal basis or through a third party provider, such as Wells Fargo Shareowner Services.

To continue to provide our shareholders with quality and timely service, we need to have frequent dialogue with the relationship manager, make certain that the transfer agent maintains accurate records, understands our expectations, and provides timely assistance to our shareholders.

Our company tends to have an older population of shareholders, who require more personal attention. We are happy with the level of service provided to our long-term shareholders by Wells Fargo.”



Doug Mahowald
Treasurer
MDU Resources



Victoria Hyde-Dunn
Investor Relations
Visa Inc.

Victoria: “Transfer agent service is extremely important for Visa and our shareowners. We formed a relationship with Wells Fargo Shareowner Services prior to Visa’s IPO in March 2008. We maintain a three share class structure - shares which are both public and non-public, locked up and available, in which we have a large number of international holders.

We’re complex, but since day one, Wells Fargo has been with us each step of the way. They’ve been with us at our annual shareowner meetings, special meetings, processing dividend checks and more. And, most importantly, we have constant, active dialogue.

They understand our company and are extremely helpful in meeting the needs of Visa and our shareholders.”

Q. How has Wells Fargo worked with you through cost basis or other regulatory impacts?

Doug: “As noted earlier, we tend to have an older population of shareholders who have owned MDU Resources stock for an extended period of time. Many of these shareholders have not kept or maintained adequate records with regard to their holdings over the years.

In order to provide our shareholders with a tool to assist them in determining adequate cost basis, we participate in the cost basis platform that is available through shareholder services at Wells Fargo.

Determining cost basis becomes a focal point in the spring of the year when shareholders are preparing their tax returns. Therefore, I expect we will have some interaction from shareholders on this platform this spring.”

Victoria: “To enhance the overall customer experience, Wells Fargo revamped shareowneronline.com. Their site and mailing materials provide clear and concise cost basis information that’s easy for shareowners to follow.

Separate from cost basis, we also undertook on an escheatment effort with Wells Fargo and our treasury department. Because of the nature of our shareowner base we had a number of financial institution clients outside the U.S. who either weren’t cashing their dividend checks or who didn’t have the proper paperwork for their shares. This was a broad and successful cleanup initiative.”

Q. How is your company working through investor activism or regulatory change?

Victoria: “Regulatory change and investor activism are very hot topics in the Investor Relations sphere. The Visa IR team works closely with our legal and corporate governance groups to stay informed of regulatory issues in Washington. We also regularly review and monitor our institutional shareowner base.

That said, we have remained relatively untouched by investor activism. To some degree it may be that we are a fairly young public company. However, just because a firm may be labeled as an ‘activist’ does not necessarily mean they will become an activist in your company. I believe we’re mitigating activism by keeping our management team visible, being transparent during our quarterly earnings conference calls and investor conference presentations, and encouraging an open dialogue with our shareholders.”

Doug: “We remain in close contact with our institutional shareholders. We are sensitive to proposed corporate governance issues that are in the best interest of our shareholders.”

When inquiries are made regarding our corporate practices we strive to maintain open dialogue with those parties to seek to address and find a resolution for their issues or concerns.

Our proactive role in addressing potential corporate governance issues has limited any concerted activism activity during our annual shareholder meetings.”

Q. Do you have any suggestions or best practices you would like to share?

Victoria: “Stay involved and informed. You may be dealing with a matter that is new to you or your company, but reach out to your peers as they’ve likely overcome a similar obstacle in the past.

Developing solid relationships is critical. It’s also very important to build strong connections across your own organization and with external partners or vendors as well. I see being a team player and treating people with respect and gratitude as central to succeeding in work and life.”

Doug: “It is imperative to have a good working relationship with your transfer agent and define clear objectives with regard to this area. Meet with your relationship manager in order to identify and set reasonable objectives and procedures with regard to shareholder transfer activities. Any negative shareholder feedback should be discussed with the relationship manager in an effort to clarify or correct any issues.

Become involved in industry organizations so you can stay on top of any developments in the shareholder relations area.”

About Wells Fargo

Wells Fargo Shareowner Services, a division of Wells Fargo, is dedicated to serving its issuer clients and their nearly nine million shareowners. Clients have awarded Wells Fargo Shareowner Services with the industry’s highest overall satisfaction ratings for 7 years in a row, and 14 of the past 15.

We're proud to provide securities transfer services to more than 900 publicly-held companies all across the U.S. and Canada. Our team of dedicated employees provides seamless, cost-effective integrated services.



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Joe Contorno, Eagle Rock Proxy Advisors, 800-951-2406, ext. 2341, or jcontorno@eaglerock.com

SAVE THE DATES...FOR THESE IMPORTANT INDUSTRY EVENTS

January 30 – Feb 1	"ESSENTIALS" from The Society of Corporate Secretaries and Governance Professionals; Disney's Boardwalk Inn, Orlando, FL
March 5	Broc Romanek's inimitable Annual Meeting Prep webcast – from the corporatecounsel.net
June 7	The 2013 End of Annual Meeting Celebration and Benefit; NYC
July 10 – 13	Society of Corporate Secretaries and Governance Professionals National Conference; Seattle Sheraton Hotel. Seattle, WA
July 16 – 19	Shareholder Services Association Annual Conference; Stowe Mountain Lodge, Stowe, VT

KEANE TAKES THE LEAD

in Helping Companies Navigate the Delaware Voluntary Disclosure Agreement



A new voluntary Disclosure Agreement (VDA) initiative established by Delaware Governor Jack Markell has been a hot topic for companies with unclaimed property reporting obligations to the state of Delaware. Senate Bill 258 (SB 258) was signed into law by the governor on July 11, 2012, and gives organizations the opportunity to report any past-due property without the threat of an audit.

Administered by the Delaware Secretary of State (SOS), the new program provides significant benefits to those

who wish to come into compliance and avoid long and contentious audits with the State and third-party audit firms. The legislation will offer holders a unique opportunity to decrease their unclaimed property exposure. “The incentive is temporary”, said Valerie Jundt, Managing Director of Keane’s Consulting and Advisory Group. “The law requires that participants wanting to take advantage of the new program must enroll by the June 30, 2014 deadline. Their final report and submission must be completed by June 30, 2015, in order to take advantage of the shortened “look-back” periods.

Valerie continued, “This is a great opportunity with several advantages. We are suggesting that companies carefully consider whether they should participate and jump in early because of the narrow window to capitalize on the reduced look-back periods, in some cases, by as much as 15 years.” Keane, a leading provider of unclaimed property communications, compliance, and consulting services, is signing up companies that need help in navigating through the process. Carl Hagberg, the editor and publisher of “The Shareholder Service Optimizer” had a chance to sit down with Valerie to discuss some basic details of the Delaware VDA program and how Keane can help:

Carl: *How do companies sign up for the program and how difficult is the process?*

Valerie: Companies that wish to participate must first complete and submit an application (SOS DE-1). Once approved and enrolled in the program, there are a series of steps and action items required by the State. The state is requiring that the work be completed within nine months and it is important to note that the company will be expected to provide documentation and evidence that will help to reinforce the fact that a thorough and comprehensive review was completed. This isn’t similar to a tax amnesty program where a company comes forward and simply delivers a check in exchange for a penalty waiver.

Carl: *What advantages do the shortened look-back periods represent for holders of unclaimed property?*

Valerie: Those holders that enter into the unclaimed property voluntary disclosure agreement on or before June 30, 2013, and make payment in full or enter into a payment plan on or before June 30, 2014, will be subject to a favorable “look-back” period to 1996. Those companies that enter into an unclaimed property voluntary disclosure agreement on or before June 30, 2014, and make payment in full or enter into a payment plan on or before June 30, 2015 will be subject to a “look-back” period to 1993. In either case, holders accepted into the VDA program are getting a reprieve from a state audit where the reachback period includes all years back to 1981. There are not many companies who would be able to retrieve and provide records that go back over 30 years. In those situations, an estimated liability is created and extrapolated over time. It can lead to a significant liability and when you include calculations with the added penalties and interest assessments it can be stifling.



Unclaimed property. Uncompromising performance.

Carl: *Who should consider taking advantage of this program?*

Valerie: Any company that is incorporated in Delaware (especially if they are publically traded) should seriously consider this program. Under the sourcing rules, unclaimed property liabilities are reportable to the state of the owner's last known address. Where there is no address of record, the property is reportable to the company's "state of incorporation." Unclaimed property is the third largest source of income for the state of Delaware (exceeding their state lottery).

Carl: *What about the promise of no audits, and how about fines for filing property late?*

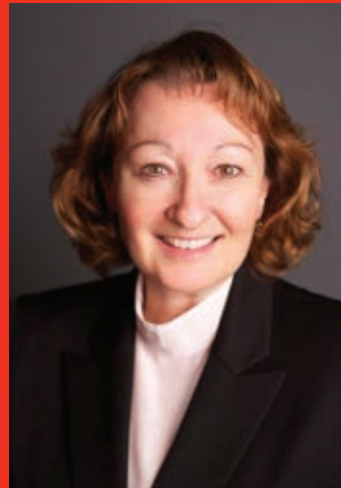
Valerie: After the Secretary of State enters into a voluntary disclosure agreement with a holder, the State agrees that they will not reconsider and select the company for an audit; unless it can establish evidence of fraud or willful misrepresentation in the voluntary disclosure. This is a significant advantage of the new law and historically had been one of the greatest concerns holders were facing when considering the pros and cons of entering into a VDA program with the State of Delaware.

Carl: *How can Keane help companies take advantage of this unique opportunity?*

Valerie: Keane is unique in that we are the only company that offers comprehensive unclaimed property services staffed with a team of professionals whose expertise is unparalleled in this industry. With over 200 years of collective experience, our team consists of former state auditors, CPAs, CFEs, CIAs and industry professionals. We have the knowledge, relationships and expertise to navigate you through this process efficiently and with confidence.

Carl: *Can you give us an example of how the benefits might outweigh the costs?*

Valerie: Absolutely; and there are several. In one situation after being hired to file a VDA, Keane learned that a client had unreported obligations in 49 other states. The analysis identified more than \$7 million in past-due property that carried a potential interest penalty of \$17.4 million. Our consultants helped the firm structure and file multiple VDAs to limit the reachback and avoid the assessment of additional fines and penalties. The initial obligation was reduced by 83 percent. Even more valuable, was that the company avoided 81 percent of the potential interest and penalties, came into full compliance and was thrilled with the added bonus of customer retention and satisfaction results. We can leverage this same expertise to help companies successfully file under the new Delaware VDA guidelines to ensure that all their processes are comprehensive and compliance initiatives are up to date.



Valerie M. Jundt, Managing Director of
Keane's Consulting and Advisory Group

For more information or if you're interested in hiring Keane to enroll you in the Delaware Voluntary Disclosure Agreement program, please contact Valerie Jundt at vjundt@keaneup.com or call 1.800.848.8896.

The *OPTIMIZER*'s annual interview

with **Ellen Philip and Cal Donly**

of Ellen Philip Associates

“Risk mitigation is a hot topic these days... and risk mitigation, in a very real sense, is a significant part of the function we fill. There’s a cost, certainly, in getting things right, but there’s an even greater cost in getting things wrong.”

Carl: In all the years we’ve been getting together for an annual review of what’s going on in our industry, I’ve never experienced a time quite like the one we’re in now. A number of players in shareholder services seem to be sitting in silence, waiting to see when things will start moving again. How are you finding it?

Ellen: In the 33 years that we’ve been in business we’ve seen lots of peaks and valleys - but never a dip that comes close to what this past year has been. When the economic outlook is positive, when companies are confident and in an expansive mood, when they’re launching new projects and have stretched their internal processing resources to the limit, that’s when we get really busy. The past year, as you know, has not been such a time. Everyone seems to be sitting tight and waiting to see which way the ball will bounce.

Carl: So where does this leave you?

Ellen: It leaves us reassessing our strengths – focusing on where and how we can put our best foot forward when things start opening up again, as we know they will, sooner or later - and focusing intently on our long-term clients, of course. When economic times are difficult, we know there is a big temptation to do everything possible “in-house” rather than to hire outside experts. But the savviest companies know what a risky strategy this can be – and that it often turns out to be the most expensive path in the end.

Carl: What are some of the strengths you feel you can turn to your advantage? What’s unusual in what you bring to the table, and what benefit can this be to your clients?

Cal: One thing that makes us stand out is the depth of experience we have as an organization, and the know-how we bring to the projects we tackle. Also, the stability that comes from the long service of all our employees is a major



strength. We not only understand how to get things done, we understand how to get things done in a way that reduces the risk of something going wrong.

Risk mitigation is a hot topic these days, and risk mitigation, in a very real sense, is a significant part of the function we fill. There’s a cost, certainly, in getting things right, but there’s an even greater cost in getting things wrong. That’s something on which we’ll make a stronger play than we’ve done in the past.

Based on our years of experience, we organize flows of work in a way that builds toward accuracy - and we are paranoid about constant checking and cross-checking, in every way that we can devise. Quality isn’t something that suddenly pops into existence, full-blown. It’s something you have to build toward, step by step. It’s an end product. To get quality you have to work to a plan, and plans are based on experience.

A key strongpoint is our understanding of why certain things should be done in specific ways – if you don’t want to run the risk of finding yourself, at some point in the process, painted into a corner. That’s the advantage of experience and a long organizational memory. You have to understand and buy into not only the methodology but the rationale that lies behind it.

Carl: Can you give us an example of the type of thing you're getting at?

Ellen: One good example is in how questions to plan participants are framed in a tender offer. Why not ask the participant right out: "How many shares do you want to tender?" That's what you usually do with Street holders, and with registered holders. Why not do the same with plan participants?

There seems no earthly reason why you shouldn't do the same – unless you happen to be aware that a plan participant's holding on expiration date might not be the same as his or her holding on mail date. A variety of plan transactions can take place in the interim. And what happens if a participant has fewer plan shares, at expiration, than were specified on the instruction form? A considerable reconciliation problem can be neatly sidestepped by having the tender instruction expressed as a percentage of the holding rather than a specific number of shares. That way the arithmetic is plain sailing, regardless.

Carl: In terms of institutional experience and know-how, what about the waves of consolidations and cutbacks that have taken place over the last five or ten years? What do you see as you look around you?

Ellen: When I look around, what really strikes me is the amount of institutional memory that's disappeared in recent years. It's people who have vanished, along with the jobs that have vanished, and that's sobering enough. It's even more sobering when you think of all the experience that has vanished along with the people. Most organizations simply don't have the cadre of experienced people that they had in the past. This makes mistakes more likely to happen, and increases the value of what an experienced supplier can provide. The question is: Who do you want to have in your corner when the chips are down?

Carl: I know that proxy tabulation is one of the key areas you focus on. What, in your estimation, gives a tabulation integrity? What is it that separates one tabulator from another?

Cal: A sound tabulation is one that is able to stand up completely to any challenge that may be made: It's one that has followed the rules, to the T, and is based on sound meth-

odology. It's one in which everyone who's entitled to vote has had a fair opportunity to do so, and everyone who's not entitled to vote has been successfully excluded. To do this, the tabulator has to have a firm understanding of every facet of the process, from beginning to end. The tabulator has to be aware of every piece in the puzzle – it's a lot more than just a matter of collecting votes and delivering a tally.

Our very first step is always to double-check the integrity of the master file we receive. Do the totals that we run, for both shares and holders, match the totals the client provides? And if they don't, why not?

You'd be surprised at the number of errors we catch during the total-confirmation process. One chief difficulty, it turns out, is that the "official" totals are sometimes generated on a system other than the one that generates the actual file – and a discrepancy gets by unnoticed. A file often comes to us after someone has merely pressed a button, and made the assumption that the computer will get it right. One of our cardinal rules is to check to make sure that the machine is doing what we think we told it to do. And we have the diagnostic tools to accomplish that.

Carl: Give us a few examples of some of the discrepancies you catch.

Ellen: Sometimes, when our total is under what we're given to prove to, it turns out that an entire sub-group within the universe of voters has somehow been omitted from the file. This can easily happen if a crucial class code is inadvertently dropped during the file-creation process.

My all-time favorite example, though, is on the other extreme – when our total is higher, and we have to find the reason for the difference. In the instance I have in mind we were over by close to 100,000 shares. Back and forth we went, asking questions and double and triple-checking. Eventually we found the answer – and it's the reason why, in fun, I sometimes suggest that all shareholders move to California. We discovered that in this case the zip code of a California shareholder had somehow wound up in the share field.

Contact Ellen at ephilip@ellenphilip.com or Cal at cdonly@ellenphilip.com

Updates on the State of Abandoned Property

with Fresh Information on ‘The Protectors Becoming Predators’

from Bob Irvine: President, and Jennfer Borden: Executive Vice President/General Counsel of UPRR

Q. For years the Optimizer has been concerned about changes in state unclaimed property practices and interpretations, changes that could limit investors’ options around certain investment strategies. Are investors in vehicles like dividend reinvestment plans in danger of having their investments prematurely escheated and liquidated?

Borden: The short answer is, yes. Investors who utilize DRP’s, as well as people who invest in non-dividend paying stocks, are absolutely at risk of having their holdings escheated and liquidated. Bob and I have been working exclusively in the escheat arena for a combined 50 years. The traditional interpretations of escheatment have always contemplated that the owner is “lost” – unreachable and therefore incapable of controlling their assets. In fact, the SEC implemented Rule 17Ad-17 in the mid-’90’s to mandate the outreach to investors that would prevent them from being deemed lost.

But this concept and the federal regulatory requirement are completely undermined by current trends to focus on “activity”, rather than whether or not the investor is lost. The reason so many people are incensed by it is the fact that there is simply no requirement that investors be “active”. So states utilizing an inactivity standard are capitalizing on the fact that the vast majority of investors are decidedly inactive. DRP’s are set up for the convenience of the investor – they grow their investment in their chosen stock, without the need to cash dividend checks that for the majority of investors are often in small denominations. There are some excellent stocks that do not pay dividends, but are extremely valuable to their investors. In both cases, the investor does not have the “opportunity” to demonstrate activity by cashing a check. As such, some states deem these investors to be inactive and subject to escheatment, even though the investors are anything but lost.

Irvine: Since they are not lost, the SEC’s requirements will never kick in. So the federal legislative intent to prevent the disenfranchisement of investors has been thwarted. The states utilizing the inactivity standard will argue that if the issuers perform due diligence, then the owners can prevent their stock from being escheated by responding. Here’s the problem with that line of thinking: it ignores the reality that many people will not take action on an account that they do not believe is at risk. It simply creates a new burden on the investor to take action, a burden that is not dictated by securities law, which should be the controlling law. Irvine: Securities regulators are the experts in protecting investors, not unclaimed property administrators. Unfortunately, when administrators utilize the inactivity standard and promptly liquidate the shares, they are depriving the investors of the correct value of their property, something the SEC works to preserve.

Q. Considering the increased focus by states on securities as potential unclaimed property, what are the biggest obstacles public companies are facing in maintaining shareholder communications?

Borden: The SEC’s requirement to search for lost shareholders is triggered when two pieces of mail have been returned to the transfer agent. So, if a state insists on escheating “inactive” shareholders who are not lost, the searches and mail outreach mandated by Rule 17Ad-17 will



never occur. The result is, holders will have to choose between complying with federal law or the state’s interpretation of its unclaimed property law. It seems fairly obvious that state law should yield to the federal law, but so far the auditors who are promoting the inactivity standard seem deaf to this issue.

Irvine: An even bigger concern for the issuer is dealing with a shareholder who has just learned that a state unclaimed property office has liquidated their stock. The issuer has simply followed the direction of the state, but will be the one who receives the consternation of the shareholder, who will wonder how statutes designed to protect people from losing their assets could have been responsible for them losing their assets. This truly creates a quagmire for the issuer.

Borden: I would add that sending due diligence letters to investors who are simply doing what they are supposed to do – buying and holding investments – creates confusion. Think about it for a minute: the investor receives a statement that indicates her holdings. The next month, the investor receives a letter at the same address indicating that those shares are in danger of escheating. It creates needless confusion.

Irvine: In the case of shares that have been liquidated, the shareholder will not take comfort in learning that the liquidation could have been avoided if they had simply responded to the due diligence letter. With all the unsolicited mail we receive each day, is it any surprise that many due diligence letters will go unanswered? Forget about confusion, this will result in needless escheatment.

Q. Are there other changes that have had a negative impact on businesses and investors? Have there been any state law changes that actually assist businesses in becoming compliant or maintaining shareholder contact?

Borden: States that liquidate shares shortly after receipt don’t give shareholders time to discover and claim their property, potentially leading to loss in value with no notice. As we saw in California, this is a violation of the shareholder’s constitutional rights.

Irvine: On the bright side, some states will not liquidate until the owner’s information has been published once, and some states are prohibiting the



use of contingent fee auditors. Both initiatives will protect issuers and their shareholders.

Unfortunately the majority of states still do use contingent fee auditors, notwithstanding clear guidance from the U.S. Supreme Court that a financial interest in the outcome of an audit removes the auditor's objectivity, thus rendering the audit unconstitutional. There are dozens of issuers who are currently challenged by the auditors' demands, where their sampling methods are unreasonable, the documentation demands are burdensome, and the auditors' interpretations are suspect. The strategy of the auditors seems to be to fight about everything in order to exhaust the holder into acquiescing on legitimate issues. Hopefully a federal court will have the opportunity to weigh in on these tactics in the near future so that issuers and their shareholders' concerns will be heard in an objective forum.

Q. The unclaimed property compliance landscape seems to be shifting constantly. With so many fast-changing laws and rule changes what can companies do to keep up and remain compliant?

Irvine: We keep our clients informed about all pending changes and the impact on them, and issuers stay informed of developments through active participation in groups like the SSA and STA. As a service pro-

vider, we constantly strive to be ahead of the curve, to steer the discussion, and help influence the outcome in the most practical manner for our clients. We constantly monitor legislative and regulatory updates, as well as political trends that potentially impact our clients. We are proud that our experience allows us to be proactive thought leaders.

Q. How is UPRR helping public companies and their investors to solve some of the problems that have been created by the shifting unclaimed property landscape?

Irvine: With our Pre-Eschat Location Program, we are able to identify accounts that are at risk of escheatment, and provide the company direction on where proactive outreach is desirable. Then we utilize our proprietary search techniques to find owners or their heirs, so that the appropriate contact is made on the account. Regardless of whether a state uses a "lost" standard or an "inactivity" standard for purposes of determining escheatability, the primary objective should always be to stay in contact with the owner.

Borden: Owners benefit when they can actively control their accounts, and issuers benefit from reduced escheatment, and reduced risk posed by liquidations.

Maximizing your owner location efforts isn't easy.

Finding a great solution is.

EXPERTISE

- Owner Location
- Risk Management
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UPRR will keep you connected with your shareholders, while keeping you informed of unclaimed property and compliance changes. Our team of industry experts will customize our proprietary solutions to meet all of your compliance and owner location needs.

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For more information on our proactive program,
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V ERBATIM GLOBAL COMPLIANCE...

The “SINGLE SOURCE OF TRUTH” for information about your corporate subsidiaries

An interview with Seth McNary, Verbatim's CEO

The OPTIMIZER: Seth, please tell us a bit about Verbatim – and how it got started.

Mc Nary: We started in 2006 as “Orrick’s Corporate Services”: The General Counsel of one of our major clients – Cisco Systems – came to us and said, essentially, “We have a huge number of subsidiaries and we know we are not managing them as effectively as we could and should be doing...We really don’t want to spend a lot of strategically important resources to do it as it needs to be done...and we think you can help us figure it all out.” So naturally, we set to work. And very soon it turned into a full-fledged business for us. We became Verbatim in 2010 and we remain a wholly-owned subsidiary of Orrick Herrington & Sutcliffe, LLP, a global law firm, whose name most of your readers will recognize, I know.

OPTIMIZER: What, if anything, was different about your approach here?

Mc Nary: Most of your readers, I’d bet, will also be pretty familiar with the typical corporate landscape when it comes to managing subsidiaries, and the many trials and tribulations of doing so. When legal departments are being asked to do more with less, subsidiary governance has a tough time competing for resources and budget. An effective governance approach really needs to be efficient on multiple levels. Early on we deconstructed the process – from a provider and client perspective – to get down to the DNA of subsidiary maintenance. We built our methodology from the ground up with a focus on three distinct areas of efficiency: specialized staffing, aggressive use of technology, and local expertise. We provide several specialized resource levels to project manage and coordinate substantive matters and manage entity information for clients. We strongly advocate for the adoption of entity management software that functions beyond data collection and provides workflow capabilities and the ability to automate common tasks, and we manage it for our clients. Lastly, we bring to bear the largest network of local providers to ensure cost effective and quick outcomes. We bind these three areas of efficiency into a cohesive methodology that allows for seamless execution. It’s really a turn-key solution



and we are viewed by some clients as virtual in-house resource. We spend less time on execution which give us more time to work with clients on improving governance processes and controls, and I think this is really where we have a unique offering. What makes our approach so different is that we take a broad strategic approach to each client’s situation – and enhance and align the structures, processes, procedures that surround global subsidiary compliance activities. We focus very intensively on the good governance aspects; on reliability, on increasing transparency – on developing a “single source of truth” about all of a client’s subsidiaries – and especially on the cost effectiveness of the overall effort. It is a gradual process for most clients but one of constant improvement.

OPTIMIZER: This sounds kind of daunting. Tell us who a “good client or prospect” would be for you.

Mc Nary: It may sound daunting but in reality we carefully construct a governance framework that pays off for clients in terms of cost predictability and peace of mind. We find our value proposition really starts to make sense for companies with a minimum of 50 subsidiaries, say in 15-20 or more countries. Most organizations below these thresholds are able to cobble together an adequate approach on their own. That

said, the offering is extremely scalable and we find smaller clients, particularly in the high-growth/post IPO context, benefit greatly from the thought leadership and best practices we bring to bear. Getting started doesn't require a big investment for most clients and we take a value-based, fixed fee approach for "baseline compliance" - and for additional matters too - that is transparent, easy to understand and very specifically designed to ensure against "overspend."

OPTIMIZER: Give us a feel for how this actually works in the real world.

Mc Nary: First, we guide clients through a strategic review and implementation process that allows us to tailor our methodology to the client's specific governance environment. This typically involves creating a blueprint of existing controls and identifying "low hanging fruit" where the introduction of best practices or new processes will bring about immediate improvements. I should make it clear that while we are not a software company, we strongly advocate the use of technology and some form of technology implementation and configuration - usually related to entity management software - is generally part of our approach. Many companies we encounter have some form of entity management software in place that we can utilize and enhance. We do have our opinions on what we think is the minimum level of functionality in the "entity management" space and elsewhere, and sometimes, a change of providers or a migration to new software is warranted following our initial strategic review. This sounds like a lot of change but we work very hard to create a transparent and easy to use service that minimizes the impact to client users.

For multi-national companies - which are the primary focus with us, and which so many companies are fast becoming - we maintain a network of local counsel in 135 jurisdictions, which we manage carefully to ensure the most efficient staffing and pricing we can find. Since we work with so many organizations the collective volume of matters allows us to drive down the cost per transaction. We also find, however, that most companies want to retain some of their established relationships with other law firms in non-U.S. locations. So we work with clients to make sure they are getting proper value out of the relationship - and many times we succeed in generating very significant price reductions from existing providers. Recently a client saved over £40,000 in U.K. costs through this exercise. The goal is to leverage our approach to build a strong foundation of "baseline compliance" from which we can build out a robust governance program - and do it as cost-effectively as possible. Once you have the right

resource allocation, the right technology and streamlined local counsel you can really focus on governance.

OPTIMIZER: Tell us more about the next steps, once the baseline analysis is complete. What do I do if, say, my company suddenly has a deal going down in Brazil?

Mc Nary: We provide clients with two sets of resources to serve as their "single point of contact" for global compliance matters. First are our compliance analysts. They are generally attorneys, who work with local counsel and often execute in our Center of Excellence in Wheeling, WV. So for your deal in Brazil, we'd have a country data-sheet, to give you an idea of what to expect in terms of paperwork, timelines, etc. This really helps set expectations with the client and its business teams. In most cases we provide the first drafts of all the paperwork - for validation by local counsel - which really streamlines things and reduces expense for all concerned. The second set of resources is the data coordination effort: This rounds-out the process by uploading all the required documents, then monitoring all the scheduled compliance activities. Every compliance activity is catalogued in our system as a "matter" - with a scheduled completion date that is visible to us and to the client. The process maintains a calendar of events, monitors the completion of all such events, and issues "alerts" as needed. In short, Verbatim offers multinational companies a turn-key global compliance solution in a very transparent and cost-effective manner.

OPTIMIZER: Tell us again about that "Single Source of Truth" concept:

Mc Nary: A single, reliable repository of up-to-date subsidiary information and compliance documents is a critical component of a well run subsidiary governance program. Too often we encounter companies where unreliable data really inhibits good governance and reporting. One common side effect of "bad data" is that it encourages internal functional groups (legal, tax, finance, treasury) to maintain data or org charts on their own, which is a waste of resources and typically intensifies data accuracy issues. A Single Source of Truth approach to capturing subsidiary information that is reliable and transparent may sound a bit daunting but the truth is a small investment to improve the process will provide an immediate return on investment in the form of improved governance and efficient flow of subsidiary information. It may be difficult to see the advantages at glance, but the benefits are real and we are finding clients really like the value we deliver.

Contact Seth at smcnary@verbatimglobal.com

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2012 END OF ANNUAL MEETING SEASON CELEBRATION

HONORING

the memory of Alan Miller
Co-Chairman, Innisfree M&A Incorporated

HOSTED BY

Cal Donly, Carl T. Hagberg,
Ellen Philip, Bob Irvine
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The “End of Annual Meeting Season Celebration and Benefit”

Honors the Memory of Alan Miller, Co-Founder and Co-Chairman of Innisfree M&A Incorporated, a founding sponsor of the benefit and a devoted patron of Fountain Gallery artists...



Benefit Co-chairs Cal Donly & Ellen Philip, artist Anthony Newton, Fountain Gallery Director Jason Bowman and Co-chair Carl Hagberg honor and celebrate the life of Alan Miller with Innisfree’s Meredith Cole, Art Crozier, Jennifer Shotwell and Larry Miller

“We have many things to be grateful for and to celebrate tonight: The amazing work of Fountain House, and Fountain Gallery, and the Gallery artists – the ‘official end’ of the 2012 Annual Meeting season – a time when all of us work longer and harder than ever to get through with style and grace – the very special camaraderie that exists among issuers and their many suppliers – and, above all, the life and work of Alan Miller; a true giant in our industry.”

As the event catalogue noted, there was much to celebrate at this year’s benefit – the ninth such benefit – and an event the late Alan Miller generously supported from its get-go – nine years ago this spring.

The evening’s planners were especially thrilled to have a work from Alan’s personal collection as the cover art – and to have Anthony Newton, the Fountain Gallery artist who painted it in 2005 as the evening’s member-speaker. Attendees were deeply moved as Anthony described his difficult childhood, his teenage years and young adulthood – and the way that art was his refuge – and ultimately, when he connected with Fountain Gallery, a way to help him cope with his mental illness and to find a community of friends and supporters, a meaningful career and a fulfilling new life. He warmly recalled Alan’s participation in the benefits, the way he related to the art works, and the artists – and humorously recalled the questioning and the bit of bargaining Alan engaged him in before purchasing “Timz” and several other works back in 2005.

This event has really resonated with the public-company community and their key suppliers – partly because it supports such a good and inspiring cause; partly, the Co-chairmen think, because the corporate community and the Gallery artists share the same passion for their work, and work so hard at it – and partly because

it is such a wonderful opportunity to network with colleagues, and with the artists, and to renew old friendships and make new ones. Over 150 people thronged the beautiful exhibit space – Corporate Secretaries and Governance Officers, IR and Shareholder Relations Managers, Proxy Tabulators, Solicitors and Advisors, Transfer Agents, Financial Printers – and numerous friends and guests.

Over \$130,000 was raised to benefit Fountain Gallery – a unit of Fountain House that has been providing employment, education, wellness, housing and other services to people suffering with serious mental illnesses, since 1943: Over 20 artworks were sold that evening, with a few more purchased over the next few days. Since its own founding, in 2000, Fountain Gallery has become the premiere venue in New York City representing artists suffering with mental illnesses. It sells original artworks and collaborates with a wide network of artists, curators and cultural institutions. In 2011-12 works by Fountain Gallery artists were shown in numerous exhibitions at the Gallery itself, at the Kennedy Center, in D.C., at the Museum of Modern Art (MOMA) and the Outsider Art Fair in NYC and in several other venues.



Long-term Celebration attendee and art collector Kathleen Shannon of AIG with artist Richard Courage and one of the works she purchased this year.



John Keegan of Computershare, who won the drawing for any artwork of his choosing - donated each year by Ellen Philip Associates - with the work he chose, and the artist, Elizabeth Borisova

Artists Jonathan Glass, Martin Cohen and Leonard Aeschbach with three of their works - all sold that night.



**SAVE THE DATE FOR THE 2013 CELEBRATION:
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Our 2012-2013 Team Of Independent Inspectors Of Election...



Members of The Hagberg Team of Inspectors of Election, during their annual due diligence visit to Broadridge Financial Solutions operations headquarters, where they take stock of “what’s new” on the proxy voting and processing scenes, observe and review the processing procedures, the proof and control systems and procedures and review the internal and external audit reports.



Carl Hagberg serves as general manager for the Independent Inspectors Team. He has served as Inspector of Election at over 400 Annual and Special Meetings and in numerous proxy contests. Carl is considered to be one of the country’s leading authorities on Annual Meeting matters and on automating – and auditing – the proxy voting and tabulating processes.

If you would like more information about our services, call Carl at 732-928-6133 or email chagberg@aol.com.



Raymond (Ray) Riley, a Brooklyn-based consultant specializing in systems and procedures, serves as co-manager of the IIOE Team. Ray has acted as Inspector of Election at well over 300 routine and contested meetings. While serving as the chief technology officer for the Corporate and Institutional Trust and Agency group of Manufacturers Hanover Trust Company, Ray developed the securities industry’s first fully-online proxy tabulation and reporting system. Ray is a former president of the Securities Transfer Association.



Rhoda Anderson, based in Cranbury, NJ, guided two of the world's largest companies to record voting levels – first as Assistant Secretary, Corporate Secretary's Dept. at AT&T, then the Director at Lucent Technologies – before founding her own company, which helps companies automate the delivery of annual reports and proxies and to better automate their voting processes.



Gregory P. Denman, based in New Jersey, has worked at J.P. Morgan Shareholder Services, First Chicago Trust, Equiserve, Computershare and Continental Stock Transfer, where he was responsible for over 400 clients and from which he retired in 2008 as V.P. and Customer Service Manager. Greg has served as the Inspector of Election at well over 300 shareholder meetings. Earlier in his career, Greg worked for the U.S. Atomic Energy Commission where he was responsible for the management and control of confidential and top-secret documents.



Francis G. (Frank) Arren has served as a V.P. in the Mutual Funds Services Group of Bank Boston, at Chase Global Funds Service, before moving to Equiserve, L.P. where he served as Director, Client Administration. From 2002-2009 Frank was a Client Service Manager and Chief Compliance Officer at Strategic Planning Group, an investment advisory firm in Needham, MA. Frank has served at numerous shareholder meetings, including Eastman Kodak, General Motors, Gillette and Xerox. He is a graduate of the Stonier School of Banking, the New England School of Banking at Williams College and holds an MA from Burdett College in Boston.



Susan Edwards, MBA, based in Boca Raton, FL is a former Stock Transfer Operations V.P. and Department Head of Manufacturers Hanover Trust Company, where she managed over 500 employees in multiple locations. She has attended numerous annual meetings and served as Inspector of Election for small, medium and large cap companies throughout the U.S. After relocating to Florida, Susan founded Rockwell Communications, an international telecommunications business which was subsequently sold to a publicly traded company.



Debra Baker, who divides her time between Atlanta, GA and Birmingham, AL, served from 2002-2006 as the Executive Director of Ethics and Compliance and Assistant Corporate Secretary at BellSouth Corporation. She was responsible for all the company's Ethics and Compliance programs, for the Board and Committee sections of the proxy statement, for meeting logistics, materials and minutes, for the Board and Committee evaluation process and for monitoring the company's governance ratings. Currently, she is affiliated with Arcapita, a private international investment bank headquartered in Bahrain, with offices in Atlanta, London, and Singapore.



Dan Fahey, MBA, a lifelong resident of the Boston area, has been in the securities processing business for over 35 years. He served as a senior level executive at Bank of Boston, Boston Equiserve and Equiserve, where he acted as Inspector of Election for numerous clients. Subsequently, he served, and continues to serve as an expert consultant for companies in the investor relations space. Dan earned his undergraduate and graduate degrees from Boston University.



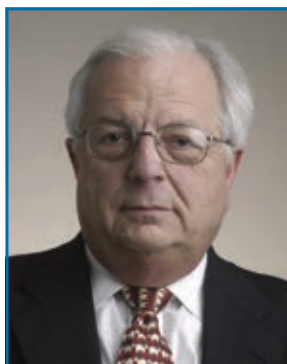
Michael Dzieciolowski, based in Santa Clarita, CA, has over 35 years experience in brokerage and banking operations and in client services. As a former Assistant Vice President and Relationship Manager for BNY Mellon and its predecessors, Mike coordinated transfer agent activities and served as Inspector of Election for over 400 annual and special meetings of shareholders. Clients included Rockwell International, Fluor Corporation, Computer Sciences Corporation, Hilton Hotels Corporation, Harman International Industries, Imagine Films Entertainment and Corporate Express.



Peter Friz, MBA, based in the Washington DC area, has been involved in the shareholder communications and proxy voting businesses for 15 years. Much of that time was spent at Institutional Shareholder Services (ISS) where Peter ran the Voting-related Businesses and was responsible for teams that interacted with Institutional Investors to assure that their votes would be properly and timely lodged with the various intermediaries involved in the proxy voting process. Peter is an expert in U.S. and non-U.S. "proxy-plumbing systems." He is well versed in today's hot button governance and proxy voting issues, and has been closely involved with some of the most high profile public-company proxy fights to take place over the past 15 years.



James D. Gaughan, Esq., based in Houston, TX, has over 25 years experience with Fortune 500 companies, serving in corporate governance positions where he supervised the preparation and distribution of proxy solicitation materials and coordinated shareholder meetings from solicitation to vote tabulation. Jim is a long-time member of the Society of Corporate Secretaries and Governance Professionals, having served in a number of officer and committee positions with the New York and Houston Chapters. He also served as a member of the Society's Securities Law and Corporate Practices Committees.



Don Hager, Esq., based in Oklahoma City, OK, and currently Of Counsel to DeBee Gilchrist, is a former Assistant General Counsel and Assistant Secretary of Kerr-McGee Corporation. Don served as Chairman of the American Society of Corporate Secretaries Public Company Affairs Committee, as Chairman of the Membership Committee, and in 2003 received the Bracebridge Young Award, the Society's highest honor.



Leah Grant, who is based near Seattle, WA, has over 24 years of experience in the biopharmaceutical/medical device industry, the last 10 of which were spent in Investor Relations and Corporate Communications. She is the President of Fluididea, Inc, a firm she founded in 2007, which provides communications and IR consulting services to companies in the biopharma & medical device industries. Leah holds a BS from Western Washington University and an MBA from Seattle Pacific University. She is an active member of NIRI; a past president of the Seattle Chapter and a charter member of NIRI's Strategic Communication and Reputation Management Roundtable.



Aubrye Harris-Foote, based in southern California, is the founder and principal of Cretum Communications in Newport Beach, working with public and private companies on Investor Relations, Public Relations and Market Outreach programs. Earlier, she served as the Director of Investor Relations at several public companies and as the Senior Market Intelligence Executive of a Los Angeles IR agency. Aubrye holds a BS degree in Business Management from the University of Laverne, CA. Currently, she serves on the Board of the National Investor Relations Institute's Orange County Chapter.



James E. Hagan, based in Atlanta, GA, spent more than 45 years with BNY-Mellon and its predecessor companies, most recently in the position of Vice President & Senior Relationship Manager in the Atlanta office, from which he recently retired. During the course of his career he has served as Inspector of Election at more than 300 Annual Meetings including Harris Corporation, The Hershey Company, Loews Corporation, and Mirant Corporation. Jim is a graduate of New York University.



Trish Hodson, who is based in the Dallas, TX area, has served as Inspector of Election at numerous shareholder meetings – both in the U.S. and Canada. She spent seven years in relationship management and sales at CIBC Mellon Shareholder Services in Toronto, Canada, followed by five years as a Vice President and Relationship Manager in the BNY Mellon Shareowner Services Dallas, TX office, before joining our Team of Inspectors in early 2010.



Anna G. Hagberg, who is based in New Jersey, began her career as an Inspector of Election in early 2010 by attending annual and special meetings of a wide variety of small, mid-cap and large corporate issuers. Prior to that, she was an Assistant Manager Regulatory Coordination at Merck & Co. She holds a B.S. degree from La Salle University in Philadelphia, Pennsylvania.



Patricia Hoffmann has held senior management and senior customer relations positions in various areas of the financial services industries. Prior to joining our team, Pat managed a team of Stock-Option and Employee Ownership Plan Professionals at Citigroup's Smith Barney unit. Earlier, she served as a senior relationship management officer in the Stock Transfer divisions of Citibank, Manufacturers Hanover Trust Company and Mellon Investor Services. Pat has been responsible for coordinating annual meeting services and for serving as an Inspector of Election at well over 200 annual and special meetings. She is a graduate of The State University of New York at Oswego.



Gerald K. Lane, based in Deerfield, IL, is a long-term industry veteran, having held senior management positions at U.S. Bank in Chicago, in the Chicago office of Wells Fargo Bank's Shareowner Services unit, and earlier, at Harris Trust and Savings Bank, where he managed a team that served 120 public company clients. Gerry holds a BBA from Pace University and an MBA from Long Island University. He is a Director and the Treasurer of Camp One In A Hundred, Treasurer of Special Kids Foundation and is a member of the Society of Corporate Secretaries and Governance Professionals and the Midwest Securities Transfer Association.



Gregory Malatia, based in the Chicago area, retired from LaSalle Bank in 2008 after managing Shareholder Services there for 11 years, where he was responsible for interfacing with the Bank's corporate clients, coordinating annual meeting requirements and acting as Inspector of Election at numerous annual and special meetings. Earlier, Greg spent 26 years at Harris Bank, ultimately becoming the operations manager for stock transfer, reorg, tax reporting, dividend disbursement and proxy production, mailing and tabulation activities. Greg has been a director of the Securities Transfer Association and is a former president of the Midwest Securities Transfer Association.



Victor W. LaTessa, Esq., based in Charlotte, NC, is a former member of the Greyhound Corporation legal department and has over 30 years of experience in the stock transfer industry. Vic was a Vice President and Team Leader in the corporate trust departments of KeyBank, Wachovia, and National City Bank, and recently retired from American Stock Transfer & Trust. He has assisted hundreds of clients in the coordination of annual and special meetings and has served as Inspector of Election at over 300 meetings. Vic is a graduate of Case Western Reserve University and the Boston University School of Law.



Belinda Massafra, MPA, CPA, based in Atlanta, Georgia, is president of Shareholder Services Consulting LLC. Prior to starting her own company, she served as Director of Shareholder Services for BellSouth Corporation from 1998 – 2007. Her responsibilities included coordinating BellSouth's annual and special shareholder meeting process – from proxy statement creation and delivery, to final vote tabulation covering BellSouth's 1.4 million shareholders. Belinda is an active member of the Society of Corporate Secretaries and Governance Professionals and the Shareholder Services Association. She is the co-author of the SSA's Guide to Annual Meeting Preparation.



Jane Ludlow, MBA, CPA, based in Dresher, PA, is an independent consultant specializing in corporate governance and compliance. From 1984-98 she was Executive Director – Corporate Governance at Bell Atlantic, where she supervised the creation of materials and the logistical and voting arrangements for the Annual Meeting, where typically, over 500 of the company's 2 million investors attended.



Sarah McDaniel is an investor relations manager, based in Mountain Ranch, CA. She has served as Inspector of Election at over 200 Annual Meetings – as a representative of Bank of America, Wells Fargo Bank and Manufacturers Hanover Trust Company of California – prior to signing-on to our Team in 2003. Since then, Sarah has served as the inspector from our team at over 100 Annual Meetings, mostly for companies in California, Oregon and Washington.



Joseph MacLelland, based in South Yarmouth MA, retired in 2009 as the Operations Manager for the Computershare Proxy Group, which he had been managing since 1985. During his career there, Joe was responsible for all the activities necessary to design, produce, mail and tabulate proxies and to certify the vote at over 1,500 Annual and Special Meetings a year. He led or assisted on projects designed to implement developments such as Householding, Notice & Access and IVR and Web-based proxy voting. Until his retirement, Joe was a member of the STA Proxy Committee. He holds an Associate degree from Cambridge School of Business and attended Williams School of Banking.



Ray Poplasky, based in Jupiter, Florida, recently retired as an Assistant Vice President and Senior Relationship Manager at BNY-Mellon Shareholder Services. Ray has more than 35 years experience in the Stock Transfer and Shareholder Relations industries – starting at U.S. Trust Company, where he managed the U.S. Trust account, among others, then at Bankers Trust, Manufacturers Hanover Trust and BNY-Mellon. He has served as Inspector of Election at over 300 Annual meetings, including companies such as Hess Corporation, Honeywell Corporation, Sallie Mae and U.S. Air.



Tod Shafer is located outside of Chicago, IL. Recently retired from Computershare Investor Services, Tod is a seasoned securities professional, having spent over 39 years in the stock transfer industry. His first 15 years were spent in operations with the last 24 years in relationship management. He has acted as Inspector of Election at well over 100 stockholder meetings, including meetings for FPL Group, Maytag, PNC Financial Services and US Cellular.



Thomas Watt, who is based in Staten Island, NY, is a former Vice President and Senior Relationship Manager with BNY Mellon and its predecessor companies, a career that began with Manufacturers Hanover Trust Co. in NYC in the late 1960s. Over the past 25 years, Tom has attended meetings and acted as Inspector of Election for many of the Banks' most important clients. Tom holds the record on our Team, we believe, for the most-miles-traveled to annual meetings and for most meetings attended.



Barry Shapiro, who is based in New York City, is the founder of Applied Consulting & Logistics, a shareholder relations consulting firm. Barry spent more than 30 years with Mellon Investor Services and its predecessors as a Vice President & Senior Relationship Manager. He has served as Inspector of Election at more than 200 Annual Meetings, including those for BellSouth, Fannie Mae, The McGraw-Hill Companies, and Yale University Trustee Elections. Barry is the Treasurer of the NYAKORA Foundation, a non-profit organization that provides clean water to hospitals and neighboring communities in Africa, and is also a director of the Stevenson School in NYC.



Gary Wozniak is a Long Island, NY based consultant to the shareowner services industry. Gary brings four decades of financial services industry experience in all phases of Corporate Trust Group Services, with an emphasis on managing large, complex clients and transactions. He has helped organize numerous annual meetings and has acted as an Inspector of Election at over 250 routine and contested meetings. Most recently a First Vice President at The Bank of New York Mellon, earlier Gary worked at Marine Midland Bank, Manufacturers Hanover Trust and Harris Trust Company. He is a graduate of Pace University.



Kristina Veaco, founder of Veaco Group in San Francisco, has been advising public companies on securities law compliance and corporate governance for over 20 years. Kris ran the Office of the Corporate Secretary at McKesson Corp. for seven years, where she was also responsible for securities law, SOX compliance, stock plan administration and subsidiary records management. Earlier, Kris had similar responsibilities at AirTouch Communications and at Pacific Telesis. A former Board Member of the Society of Corporate Secretaries and Governance Professionals, Kris is a past President of its Northern California Chapter and is active in the National Association of Corporate Directors.

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More background information on annual & special meetings can be found at www.optimizeronline.com

- QUESTIONS AND ANSWERS ABOUT INSPECTORS OF ELECTION; "THE BASICS"
- TOP-TEN TIPS FOR ANNUAL MEETING SECURITY
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- MEETING ADMISSION CRITERIA: "Y'ALL COME" vs.. "WE VET YOUR LIFE"...along with many other articles on shareholder meetings

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