

RE-TOOLING YOUR IR AND GOVERNANCE TOOL-KITS



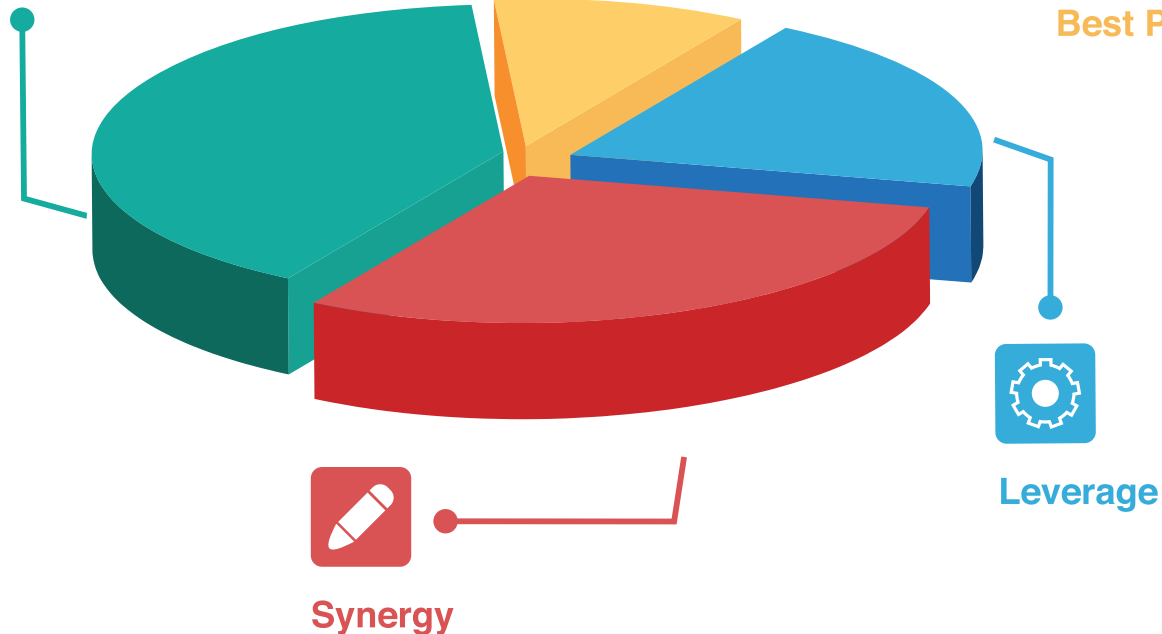
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RE-TOOLING YOUR IR AND GOVERNANCE TOOL-KITS

Dear readers,

Welcome to the 21st Special Supplement to the Shareholder Service *OPTIMIZER*, a quarterly newsletter which we have been publishing continuously since 1994.

Greetings also to 2017 and what we're predicting to be the "*dawn of a new era*" for public companies, their existing shareholders and potential investors of all stripes.

It's also a new era for the suppliers of products, services, new technologies and advice to publicly-traded companies: They too will have to ratchet-up their games, and in many cases to "re-tool" significantly to navigate the predictably-unpredictable waters ahead, or fall by the wayside. The best of them have done so, as we think you will see here.

With annual meeting season right around the corner for most, and already in full swing for some, now is the right time to look hard at "re-tooling your investor relations and corporate governance tool-kits" - to be 100% sure you have sound game plans in place, with the right sets of tools, and experts at hand, and at the ready to deal with the challenges...or better yet, the opportunities... that the new era of investors has in store for Corporate America.

Here's what we aim to do in this issue:

- Stick closely to our 23 year old mission statement: "Helping public companies – and their suppliers – to deliver better, and more cost-effective programs to investors."
- Provide a fresh look at the "essential tools," hot topics and best and worst practices that public companies need to keep up on... along with the ever-evolving supplier scene.
- Take a fairly 'deep-dive' into the actual workings of essential IR and corporate governance products and services for public companies – and give readers a set of updated primers on "the basics."
- Offer our advice on selecting a provider for each product or service covered – along with our tips on what to watch for – and on what to investigate and nail down with care before signing a deal.



- Provide a print and online Directory of Essential Products and Services – and a carefully Pre-Vetted List of Service-Providers; the best providers in each space that we know, and keep up with - with contact info, links to one or more additional background articles, and links to each providers' own website. (Please note that due to space constraints, many of our revised tips will be found in our freshly updated Online Directory. Times are a changin' as you will see, with some of the big names of yesteryear absent, while others are new, or gaining ground with re-tooled and refocused product offerings and service enhancements.)
- Take a stroll down memory lane with a look back at the famous Gilbert brothers, who were the "original shareholder activists" - and proponents of many of the corporate governance ideas that are now front-and-center at all public companies.

We hope you will enjoy reading through this issue – and that you will pass it along to other people in your company who are responsible for connecting with, and engaging with investors - and overseeing the services that are provided to your shareholders.

We also hope that our recently upgraded website, www.OptimizerOnline.com - with its extensive archived info and its handy search-box - will become your go-to resource for information about service suppliers - and about the proper care and feeding of investors.

Please feel free to call or e-mail us if you have comments, questions or if would like to have additional information on any of the subject matter in this issue or on our website.

Carl & Peder Hagberg

A photograph of three business professionals in a meeting. A man in the foreground is gesturing with his hand while speaking. Behind him, a woman and another man are listening attentively. They are all dressed in business attire. The background is a blurred office setting with blue lighting.

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RE-TOOLING YOUR IR AND GOVERNANCE TOOL-KITS



HOW WE COMMUNICATE WITH EACH OTHER, INVESTORS, AND CONSUMERS IS RAPIDLY CHANGING

With 2017 proxy season fast upon us, now is the perfect time to review what resources you have in your tool kit to help you manage your annual meeting process more efficiently and more effectively. In this article John Dunn, Senior Vice President, Sales at Broadridge, walks through some of the ways Broadridge will be partnering with clients this year.

Q: Technology is changing the way companies connect with their shareholders; are you seeing a similar impact to the Annual Meeting of Shareholders?

JD: We have seen Virtual Shareholder Meeting (VSM) adoption continue to increase. In 2016 nearly twice as many of our clients chose to implement a VSM as the prior year – the majority using an audio only format. This shift has gained increasing support from the Boards of Directors who consider VSMs to allow for more shareholders to attend the meeting, while eliminating issues of travel and security. Unlike a traditional webcast, a VSM provides the unique ability to validate shareholders upon meeting entry, enabling them to vote and ask

questions. Better yet, a VSM eliminates much of the administrative burden of a physical meeting, such as checking people in.

Q: With shareholder activism on the rise, what other tools help issuers engage the retail shareholder?

JD: According to our analysis, hundreds of proposals in 2016 were won or lost by a narrow margin. Understandably our clients want to stay ahead of a close call situation which has led to an increased demand for real-time, actionable shareholder data. Our Daily Vote Insights dashboard enables clients to monitor voting activity across each investor type on a daily basis, so they can keep executives and board members apprised

of how institutional and retail shareholders are voting, understand the source of any unfavorable voting, and benchmark against prior year. Further, deeper shareholder analysis can enable companies to identify opportunities to engage unvoted shareholders with more responsive delivery methods, as well as take advantage of low-cost options to boost retail engagement.

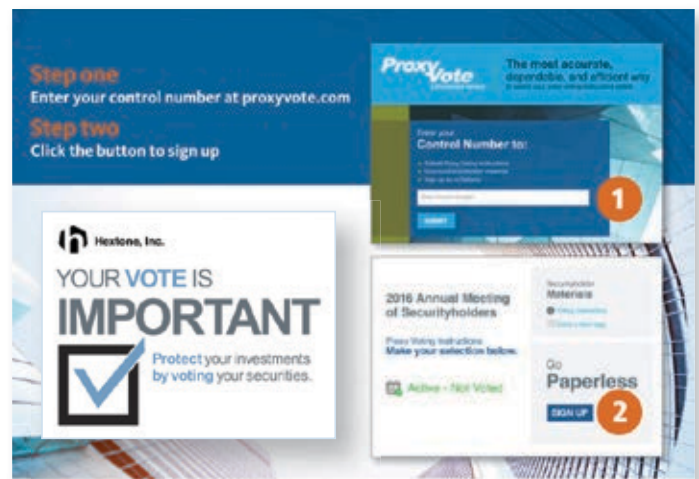


Q: Knowing that printed communications can also be an effective way to engage shareholders, are there new ways issuers can leverage this channel?

JD: Enhanced Packaging is an easy and effective way to increase your shareowner engagement throughout the annual meeting campaign. Enhanced Packaging optimizes your printed communications, and can be used to increase retail voting, promote new products and events, and increase brand awareness. In 2016 we conducted year-over-year testing of issuers using enhanced packaging versus those who did not. Issuers using Enhanced Packaging saw up to 30% increase in accounts voted, 10% increase in shares voted, and a doubling of the voting rate on reminder mailings. As a transfer agent, we have worked with clients to use Enhanced Packaging as an effective, new tool in highlighting escheatment risk and assist investors who want to avoid the escheatment trap. As an example, one of our clients, with a large retail investor population, was able to use our shareholder analytics to identify those shareholders who were at risk of escheatment. They were able to selectively enhance their annual meeting mailing with Enhanced Packaging to highlight and communicate this escheatment risk, and enable their shareholders to take action to avoid the trap.

Q: How are clients meeting market demands for more timely communications and a better shareholder experience?

JD: How we communicate with each other, investors, and consumers is rapidly changing. As a transfer agent, our clients continue to look to us for ways to meet this new demand and leverage new technology to make the process more efficient. While call centers remain a critical point of contact, more clients are adding proactive alerting and smart messaging services into the mix. Using this technology a company can be actively engaged during the dividend and vote process; they can ensure shareholders receive automatic reminders if they haven't cashed a dividend or voted, and provide timely updates directly to the executive team and the board when they do.



We are also seeing more companies use video to communicate information. A video message from the CEO, or a new product showcase for example can be displayed on their VSM user interface, on a branded shareholder portal or online voting page to further improve the user experience.

Q: Any final thoughts for companies preparing for the 2017 proxy season?

JD: Our guiding principle is to make the shareholder management and communication process easier. A lot of this efficiency is delivered through better tools, systems and technology. But at the end of the day it's our people that help us deliver on this commitment. Each of our clients has a dedicated relationship manager paired with a dedicated salesperson. They work closely with our clients to offer unique expertise and insights and ensure every client makes the most of the solutions available to them.



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THE OPTIMIZER INTERVIEWS BRUCE GOLDFARB, PRESIDENT & CEO OF OKAPI PARTNERS, WHO OFFERS INSIGHTS ON SOME OF THE MOST IMPORTANT TOOLS AND SKILL-SETS THAT PUBLIC COMPANIES NEED TO HAVE AT THE READY AS WE HEAD INTO THE 2017 PROXY SEASON...

Q: Bruce, we have been watching Okapi Partners grow steadily, both in size and reputation, since you and Pat McHugh founded it in January 2008. As we head into the 2017 proxy voting season, what issue or set of issues should companies pay extra attention to as they begin to gear up?

A: One trend that has gone under the radar for some companies and will continue to gain steam in 2017 is the increasing engagement and assertiveness by traditional investment managers such as index funds and actively managed mutual funds. Fueling this rising vocalization has been a very significant shift by investors from active to passive strategies over the last few years. This shift has changed the balance of shareholder power, with index funds managed by Blackrock, State Street and Vanguard having greater ownership levels and thereby more voting influence than ever. Both passive and active managers will be even more vocal about board composition and refreshment, corporate governance, executive compensation and other issues in 2017.

We also expect to see more activist campaigns by traditional active managers in 2017 as they attempt to distinguish themselves from index-based

investors. Neuberger Berman's successful proxy contest against Ultratech Inc. was just the beginning. Activist hedge funds will also continue to look for undervalued companies, especially in the small and mid-cap space. Those companies would be wise to consider refreshment of their board and a robust engagement program with their top shareholders now - especially if they are underperforming their peers.

COMPANIES TAKING A FRESH LOOK AT THEIR ADVISORS SHOULD FOCUS FIRST AND FOREMOST ON THE RELATIONSHIPS AND KNOWLEDGE THE ADVISOR HAS WITH THE INSTITUTIONAL INVESTOR COMMUNITY

From what we can see and hear so far, there is likely to be a significant uptick in activist campaigns against small and mid-size companies. Not only have many large cap companies been targeted already, but in many instances their shares have rallied recently and they have become much more adaptable and open to voices outside the boardroom. Small and

mid-cap companies, on the other hand, are often caught off guard when an activist investor shows up, either publicly or privately. Instead of opening up a dialogue, their first reaction in many cases is to dig in their heels and fight. Until that changes, we're likely to see activist hedge fund managers look to shake up smaller and mid-cap companies, especially ones that have not had a change in the boardroom for a long time.

Q: What about so-called social and environmental investors? Should issuers be more concerned than usual these days?

A: I think that if a company has had social or environmental “issues” that have attracted attention in the press, they may be more vulnerable to activist approaches. There may also be a correlation between the identified issues and whether it has an impact on the company’s core business or manufacturing process. Companies certainly need to be proactive in addressing such concerns – and in addressing them directly with key investors as well. A number of investors are putting more focus on these issues – partly as a trigger for business development for the next generation of investors in a socially conscious world and partly because these issues can impact investment returns. As customers care more, investment managers will be more concerned.

Q: How should you best engage investors in today’s environment?

A: Boards that have had the same directors for over 10 years really need to take a hard look at refreshing some of their members, especially the independent directors. Beyond that, it is vitally important for managements and boards to articulate why their value creation strategies are working before an activist shows up. That requires winning the support of large index-fund shareholders, who may be inclined to vote with the activists in more instances than ever before, as well as other large (and frequently long-term) shareholders. Here are some more important steps to take:

- Know the company’s major investors. This initiative is a process that should not simply be left up to management, as these large institutions expect the directors to be their representatives in matters of corporate governance policy-setting and decision-making. Understanding your shareholder base is an increasingly difficult endeavor, and a task that is constantly changing, especially as more derivatives and other ways of holding shares become used by more market participants.
- Understand the interests and views of your passive investors. As I’ve noted, larger index-fund managers, such as BlackRock, Vanguard and State Street, are

publicly vocalizing their beliefs on board refreshment, performance-based compensation, and other governance issues. These investors no longer blindly follow the research advice of proxy voting advisory firms and the most effective engagement recognizes the unique process of each investor. Your company’s investor relations team and/or outside proxy solicitation advisors can provide additional insights as to what these shareholders care about.

- Communicate about what matters to the investors. Using any public statements they may make, and the insights from IR/proxy solicitation advisors as a roadmap, be proactive in engaging the index fund investors on the issues of primary interest to them.

Q: In the past year or so, there seem to be a lot of new entrants into the broadly defined “corporate advisory” business. How should a company properly evaluate these new advisors?

A: The emergence of these new advisory firms underscores how important good governance has become in today’s corporate landscape. Companies taking a fresh look at their advisors should focus first and foremost on the relationships and knowledge the advisor has with the institutional investor community, including mutual funds, index fund providers, hedge funds and proxy advisors like ISS and Glass Lewis. At the end of the day, these very different groups of shareholders (and voting advisors) are the ones that will drive the decisions about corporate governance. Understanding the eccentricities of different organizations, how they work internally and how they think is an extremely important aspect in devising a successful engagement strategy and making decisions about corporate governance.

Deciding whether an advisor possesses the skills, relationships and the understanding of these different constituencies is very difficult and cannot be done through a routine “check the box” RFP process. Companies should consult with their outside legal counsel, with corporate governance experts and influencers and with different types of market participants about the advisors with whom they work. Companies need to ask their prospective advisor how they would go about dealing with different types of shareholders.

WE HAVE ADVISED A SIGNIFICANT NUMBER OF ACTIVISTS ON VERY HIGH-PROFILE CAMPAIGNS, BUT MOST OF OUR WORK IS WITH ISSUERS WHO ARE SEEKING TO IDENTIFY AND REACH THEIR INVESTOR BASE

Which board members would they suggest are the right ones to reach out to shareholders in a given situation? Large index fund managers have investments in literally thousands of companies; how would the advisor best engage with them? The way an advisory firm answers these questions can provide insight into how experienced and knowledgeable they are about your investor base, and about the decision-making processes at each major investor. The one thing your company does not want from an advisor is a “check the box” approach to shareholder engagement.

Another very important factor, I think, is the size and composition of the team that will actually be “on your account.” Many of the firms in this space - both older and newer ones - have rather thin benches of talent with actual hands-on experience in challenging situations. Another important aspect to consider; how well does the personal style and chemistry of the team-members match with that of your own company, and that of your board members?

Once you establish that your advisor possesses the knowledge and the expertise necessary to effectively engage with your shareholders base, it’s equally important to ensure they can use that information to execute a successful campaign. Whether it’s an annual meeting, a contested election or a shareholder outreach campaign, making sure your advisor can successfully execute is vital. Look at their list of past campaigns, especially ones that were particularly contentious, high profile or full of twists and turns. Ask the prospective advisor to describe a particularly difficult campaign and how they dealt with it. Ask some of the advisors past clients how well they executed and whether they achieved a successful outcome. Ultimately, you are looking for a business partner who will provide the best advice possible, not just advice that is the easiest to provide.

Especially important, you need to have a partner that will be available to you, and to your board - basically on an around the clock basis - if activist investors should target your company in any way, or simply ask to engage on a matter of concern to them.

Q: What makes Okapi Partners stand out from this crowd?

A: Since our founding we have prided ourselves not only on the senior-level attention we give to every client but on our ability to understand how different types of investors think and behave. We have advised a significant number of activists on very high-profile campaigns, but most of our work is with issuers who are seeking to identify and reach their investor base. Our work with hedge fund activists as well as traditional long-only investors and index funds has given us unique insight into how to communicate effectively with different types of investors and how they make voting decisions.

We also pride ourselves on having a very deep bench that cares about providing exceptional service but also on being able to offer valuable advice. Many of our clients on the issuer side as well as on the investor side seek us out for strategic advice even if they haven’t engaged in a solicitation campaign. The insight we can provide to our corporate clients about what issues are important and what is on the minds of different investors has proven extremely valuable to them.



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OKAPI PARTNERS is a proxy solicitation, information agent and corporate governance advisory firm with **UNRIVALED INSIGHT** into how investors respond and make voting decisions. We design and execute thoughtful, results-oriented strategies that ensure our clients succeed in any scenario requiring an **INVESTOR RESPONSE**. We offer clients superior intellectual capital, extensive industry relationships and unmatched execution capabilities.



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The Ellen Philip Associates team with over 135 years of combined industry expertise: Cal Donly and Ellen Philip (foreground), Rose Da Silva, Bill Grisi, Myrna Gutierrez and Bill Baumann (l-r)

THE OPTIMIZER'S EDITOR IN CHIEF INTERVIEWS **ELLEN PHILIP** OF ELLEN PHILIP ASSOCIATES

"Among the first things that issuers need to do this year, is to step back a bit, take a hard, fresh, numbers-oriented look at their retail investors and employee plan participants - and then to re-assess their strategic importance in light of the proxy-voting math...and then to come up with a good plan."

Carl: Every year, for about 20 years now, we've been asking you to comment on what's new in the world of proxy voting - especially where so-called retail investors and employee owners are concerned. We know you have very special insights and expertise in this space. What sort of trends have you been seeing?

Ellen: The big trend we've all been seeing for some time, of course, is the emergence of institutional investors as the dominant force in share ownership. When you read the business news and see the rip tides that are scouring the financial industry it's hard to shake the feeling that the individual investor is now part of an endangered species. Sometimes you think you might wake up one morning and read that the last one of them had been sighted in Tasmania or somewhere.

We also know that the participation of individual investors and plan participants in the proxy voting process has fallen steeply. Every year we see fewer and fewer individual investors who bother to cast their proxy votes at all. And, unless issuers make some special efforts to encourage employee-plan owners to vote - and make it easy for them to do so - proxy voting has been falling sharply here too.

What would disturb me the most, if I were an issuer, is that proposals that issuers most want to pass - and many activist investor proposals that issuers do not want to see pass - are being decided by smaller and smaller margins - and in many instances we see, it's because retail and employee investors - who are normally inclined to vote with management - are sitting the sidelines.

RETAIL INVESTORS ARE COMMONLY REGARDED AS A BOTHERSOME COST FACTOR - AND SOMETIMES AS NUISANCES - RATHER THAN AS POTENTIALLY IMPORTANT ALLIES

Carl: Why do you think this is? What's really behind the growing apathy where individual and employee-plan voters are concerned?

Ellen: First, is the simple fact that most investors are already over-busy these days. Why would anyone - other than a 'professional investor' - bother to vote unless they are convinced that it really matters? In the absence of any consistent message of substance, that forlorn little one-liner you typically find on the envelope or proxy card - YOUR VOTE IS IMPORTANT - has no impact whatever.

It's also no secret that the burgeoning influence of institutional investors has been accompanied by what I would call a gross neglect of retail investors by issuers in general. Anyone close to the process will know how retail investors are commonly regarded as a bothersome cost factor - and sometimes as nuisances - rather than as potentially important allies. By and large they get herded into giant automated systems that are geared to mass-production techniques that aim primarily for speed and low cost. Special handling, and "special treatment" is usually a no-no. So while these systems are quick and easy to implement, most of them could not in any way be accused of fostering a good degree of outreach or meaningful communication. In the face of such neglect it's small wonder that participation by retail investors in the proxy voting process has plummeted.

Carl: How would you advise issuers to best re-assess their situation?

Ellen: The first thing that issuers need to do this year, is to step back a bit, and take a hard, fresh, numbers-oriented look at their retail investors and employee plan participants - and then to re-assess their strategic importance to management in light of the proxy-voting math - and then to come up with a good game-plan.

Most corporate staffers don't seem to really understand how much of their company's voting power is still in the hands of retail and employee-plan shareowners. Many companies we see still have 40 to 45 per cent retail ownership, and many still have a majority of voting power in the hands of holders who are basically friendly, like employee-plan owners, retirees, customers and local investors. Many companies - even the mega-cap ones - will often find that the strategic value of their retail population hasn't diminished at all. In fact, I think that most companies - even those with only a 20% retail population - will find that the strategic importance of retail investors has actually increased.

Carl: So let's say an issuer does discover that it needs to pay more attention to its individual and employee-plan investors, and to reach out to them more proactively to increase the voting rate. What are the most important steps to take - and the most important keys to success?

Ellen: First-off is to allow sufficient time to develop and launch a good program. The best time to begin is about two or three months before the record date, since there is a lot to do, and there's a fair amount of planning and coordination that's required. I would hasten to add,

MOST CORPORATE STAFFERS DON'T SEEM TO REALLY UNDERSTAND HOW MUCH OF THEIR COMPANY'S VOTING POWER IS STILL IN THE HANDS OF RETAIL AND EMPLOYEE-PLAN SHAREOWNERS

however, that we are experts at 'pulling rabbits out of a hat' in a hurry here - but sadly, a lot of issuers fail to wake up until it's too late to meaningfully move the numbers. Don't let this happen to you. I'd also say that it will not cost a ton of money to launch a really good plan. It's usually a lot less than what most companies spend trying to chase down votes when their margins are flagging.

Second, of course, is to develop a very carefully thought-through and flawlessly executed program to (1) identify the target audience - being sure to include all of your retail investors, above a certain de-minimus size, and every single employee-ownership plan, and plan participant - and, very important, the Plan Agent and (2) to develop your communications - and your communications strategies in terms of content, forms-design and delivery methods and (3) to get all of the investors on a common platform - with robust delivery, voting and monitoring systems that will take maximum advantage of technologies like telephone and web voting, and allow for fast and easy follow-up actions if necessary.

Carl: Tell us exactly what Ellen Philip Associates brings to the table here? And what should an issuer look for in choosing a provider?

Ellen: For one thing, we have been at this for forty years - so we really know what we are doing: We know virtually all of the major Employee-Plan providers - including transfer-agent providers. And we know how to work quickly and well with them - to convert and consolidate records from multiple sources and systems onto a single and very strongly functional platform, which allows us to handle paper and web-based mailings, vote tabulation - using strong and highly customized telephone and web-voting systems along with paper votes - and to track and report results, to facilitate fast follow-up activities if needed.

We are very familiar with confidential voting requirements, which are especially important to Plan Providers, issuers and to many Employee Plan voters, where the lack of clear assurances as to confidentiality is, in our experience, a major reason for many employee investors not to vote. We also have extensive experience with 'proportional voting' which is important to many Plan

Providers. We know how to work closely with them, to make sure that all of the votes are properly calculated and filed on time and in full. We have very robust and “challenge-proof systems” to handle not just close-votes but full-fledged proxy contests. I also think we are the only voting agent whose telephone and web-based systems are fully equipped to handle cumulative voting.

Carl: Any closing thoughts on why issuers should be checking in with you if they are looking to improve their retail voting percentages?

Ellen: In past years I’d stress our know-how, accuracy and overall responsiveness. Nowadays, given the all-pervasive role of computers and the relentless pressure toward standardization, I’d add one more element to the list: flexibility. The services we provide, and the way we provide them, deliver to clients a degree of flexibility they didn’t have before. It’s an additional dimension –and in my view – along with the ability to act quickly – it is one of the most important elements we bring to the game.

We now have a world in which activist shareholder groups are doing their best to defy established convention and to reshape the proxy voting process in ways that best serve the strategies they invent. It’s their business to be disruptive in absolutely any way they can. So where does an

issuer go, when it’s found that, indeed, one size does not fit all? Very often we’ve provided the solution. We’re delivering, essentially, the same custom-tailored services we’ve always delivered – services that can be easily plugged into a broader processing environment without disturbing anything that’s already in place.

One last thing I’d say strongly to every issuer: “Don’t wait until a two-by-four comes down on your head, and maybe you lose the voting margins you want and need to get – before opening a conversation with us. Let’s start talking right away, when there’s no immediate pressure. We’ll soon be able to tell you whether there is an easy way – and above all, a cost-effective way – to broaden your processing capabilities – and to improve your retail vote.”

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SOME TIPS FOR CHOOSING A PROXY SOLICITOR/ADVISOR

Wow...How this industry has been changing of late! Especially in terms of the talent that many of the firms have on board, which, please note well, is the number-one thing proxy firms have to offer. There has been a lot of job-hopping by some of the industry's most seasoned veterans, and - more significantly - there have been a number of entirely new entrants to an already crowded field.

One thing that's changed big-time, it used to be that only about a third of U.S. public companies used a proxy solicitor in any given year. But with the explosive rise of shareholder activism, and the increasing likelihood that one's own company may suddenly find itself the object of activist attention, we have been urging readers to use a solicitor at least every other year, and to keep them 'on call' to you, in order to be sure that you – and they – are in fighting trim should an activist knock on your door.

**EVERY PUBLIC COMPANY
OUGHT TO HAVE A SOLID
RELATIONSHIP WITH A SOLID
PROXY SOLICITOR/ADVISOR**

The biggest change in the industry, however, is that old-time proxy-chasing is no longer a big driver of the business: The real value that's being brought to the table is the strategic advice – and the practical insights and person-to-person connections that the best firms can bring to the table as strategic advisors in the corporate governance world.

Very important to note these days, most of the biggest public companies have already adopted most of the activists' "governance hot-button provisions" – which means that more and more small and mid-cap companies are being targeted every year. Increasingly, such companies are realizing, correctly, that if they are taken by surprise they will always find themselves in a very tough spot if they are unprepared, and unready to spring into immediate action when activists knock.

So we have been advising that every public company ought to have a solid relationship with a solid proxy solicitor/advisor – and noting too that the kind of industry you're in – and the kinds of activists that are likely to target your company – should be a major factors in choosing the right firm from the suddenly fast-growing pack.

And lately, we have been saying that companies that have used the same solicitor for years would be smart to watch the Proxy-Land landscape with some care, and to

formally survey the field from time to time. Our grapevine tells us that a lot of companies are doing that very thing these days.

The last time we wrote about this, we spent quite a bit of time on how to review the fine details on the specific services, fees, and out-of-pocket expenses on offer, which are, of course, important, and where most times we have discovered some pretty significant differences among providers upon close inspection.

We'll say once again that it will usually pay you back many times over to get an expert to help you formally review the field. And while yes, the dollars are important, and sometimes are a pretty good indicator of the way some firms do business (hidden fees are a major red-flag in our book) we'd urge you to read our top five tips for selecting a proxy solicitor and advisor.

THE OPTIMIZER'S TOP FIVE TIPS FOR SELECTING A PROXY SOLICITOR AND ADVISOR

1. **Determine “Who’s at “the top of the house?” and “What is the ‘tone at the top’ really like?”** These, we think, are the top issues to explore when evaluating any business before ‘investing’. And in our book, hiring a proxy advisory firm should be looked at as making a very important, long-term investment.
2. **Meet, and spend some quality time with the top-two or three officers,** who, typically, are not just the leaders, but founders of the business. They really do set the tone at the top, for better or sometimes, though rarely, for worse. The best of them will have deep contacts and deep insights into the kinds of people who follow your particular industry and lots of personal – and successful experience “in the trenches”. They will inspire strong loyalties among their first lieutenants – and in all the staff. The presence of these qualities – or the lack thereof – is usually quite discoverable by careful observers, so visit them at their headquarters if possible, listen closely to what they say about what makes them a good fit for your company – and observe them, and their workers, and their workplace, with care.
3. **Carefully evaluate the “chemistry” that exists - not just between you and your selection team and them - but how well you think it will mesh with the chemistry of your senior management and the board as a whole if** a tough issue or a major crisis were to arise. Our own preference is usually for very thoughtful, statesmanlike people, who try hard to avert, and then to quickly resolve a crisis should there be one, and who always stay cool, calm and collected. But sometimes, you and your board may prefer – and may actually need a tough fighter – who will out-think and out-maneuver the opposition, and fight like hell to the finish. Ideally, the firm you pick will have top people who can act and pivot comfortably in both kinds of roles.
4. **Be sure that you, and your potential advisors, are crystal clear about who will really be “on your account”** – and exactly what you can count on each of them to do for you, both on a day-to-day level, but also in a crisis. Does your lead contact have the required clout with the top-two or three? Do they have adequate backup behind them? Most important perhaps, will the top-three be “on your account” and fully available to you if circumstances warrant?
5. **Apply our “lifeboat test”:** As we’ve reminded time and again, most every firm you will look at is capable of doing the job, but the “lifeboat analogy” is a perfect one, and is usually an amazingly quick and easy way to finalize your choice: In a crisis – where there is often chaos on every front – everyone needs to work perfectly as a team and to fully pull their weight toward a common goal... and to add something indispensable to the team effort in order to be ON the boat.

PROXY STATEMENT MICROSITES: THE LATEST EVOLUTION OF AN INCREASINGLY IMPORTANT DISCLOSURE DOCUMENT



Editor Peder Hagberg interviews Tangelo Co-Founder Erwin Groenendal, Co-Founder of Tangelo Software

Proxy statements, in and of themselves, are nothing new. For decades, the U.S. Securities and Exchange Commission has required listed companies to file proxy statements in advance of annual shareholder meetings.

And yet, this seemingly unassuming document has taken on a new life over the last few years. Thanks to new technology, greater calls for transparency, and renewed emphasis on shareholder engagement, proxy statements have suddenly become a vital channel for American companies to reach analysts and investors.

Q: Thanks for talking with me today, Erwin. First, for the uninitiated, could you give us a quick overview of proxy statements? What do they usually consist of and why do they matter?

A: Lovely to talk with you, Peder. First and foremost, proxy statements are meant to prepare shareholders ahead of the annual meeting. These meetings typically involve several important voting measures and reviews—like electing board members and approving the board’s auditor, along with votes on executive compensation and shareholder proposals.

In terms of the proxy statements themselves, they typically consist of a few sections. There are profiles of the board of directors and new candidates; details of compensation packages for the highest paid executives—usually with a discussion sub-section that aims to justify and contextualize the compensation; shareholder proposals are also included in full, and some proxy statements also include basic metrics on the company’s performance.

**INSTEAD OF A MOSTLY-
STATIC PDF, MICROSITES
OFFER ALL THE
CONTENT OF A PROXY
STATEMENT IN AN
INTUITIVE, RESPONSIVE,
WELL-DESIGNED WEB
EXPERIENCE**

Proxy statements are important to the companies because they offer an opportunity to engage existing shareholders, attract new investors, and lobby for their preferred positions on shareholder votes. Conversely, shareholders value the proxy statements because they provide intelligence and insights—empowering them to voice their opinion at the annual meeting.

Q: How have proxy statements evolved over the last few years?

A: In 2007, the SEC changed their rules to allow companies to post proxy statements online, rather than having to physically print and mail them. Companies are required to give shareholders notice of the online proxy, and must send a physical copy if a shareholder requests it. These new “notice and access” rules transformed the proxy statement from a compact document printed on light paper into a downloadable PDF with more room to breathe.

The next shift was more of an attitudinal adjustment in the investing environment at large: in recent years, shareholders have begun to pressure companies to be much more transparent—especially regarding executive compensation, board diversity, and shareholder proposals.

These pressures led to more structured, stylized proxy statements with more thorough discussions of shareholders’ concerns. It also led to the introduction of more complex charts, graphs, and other elements to aid communication and explanation; for example, these stylized statements often include a summary with helpful graphics in the first section.

Some companies benefitted from these trends more than others—Labrador, for example, is a service provider that did a stellar job helping companies produce stylized proxy statements. For a time, downloadable PDFs were the new standard. Just within the last two years, though, proxy statement “microsites” have started to really catch on.

Q: Can you tell us more about these microsites? What are they, exactly?

A: I see microsites as the next natural step in the evolution of the proxy statement. Instead of a mostly-static PDF, microsites offer all the content of a proxy statement in an intuitive, responsive, well-designed web experience. With microsites, companies can throw more light on the exact areas where shareholders want to see more transparency: board diversity, executive compensation, and performance. In this new format, the summary section of last-generation PDF proxies have been transposed to the web as a natural home page that kick-starts the microsite experience, often featuring dynamic graphics and even video messages from the Chairmen and/or CEO.

Before proper microsites, some larger service providers started offering so-called “enhanced” online proxy statements. In truth, these were just PDFs presented online with a few flipbook-style navigation controls.

Microsites represent a meaningful improvement over PDF-based experiences: they’re mobile-friendly, easy to use, and offer far greater features. First introduced by iiWisdom as “interactive online proxy statements,” microsites are the most accessible way to reach shareholders—they also lend themselves nicely to a wide range of emerging developments in investor relations like online voting and virtual meetings.

Q: How do companies usually go about creating proxy statements?

A: Traditionally, a company will provide the completed proxy statement content to a service provider like a financial printer or filing agent. That provider will typeset the document—often using a generic template with the company’s colors slapped on—and go through rapid-fire, back-and-forth iterations to get a finalized version.

MICROSITES ARE MOBILE-FRIENDLY, EASY TO USE, AND OFFER FAR GREATER FEATURES

Often, this process has to be completed in a very short timeframe, like 48 hours... Which is a ridiculous way to work. It’s understandably frustrating.

Once the PDF is finalized, that same service provider or a separate vendor will create an EDGAR version of the proxy statement—an HTML-based format required by the SEC.

Q: What’s the process for creating a proxy statement microsite?

A: Traditionally, that involves going to yet another service provider, like iiWisdom, to create the interactive online version. While this works, it does involve a second source and a separate process—eating up extra time and resources. Fortunately, Tango’s platform now allows our clients to create proxy statements in a more streamlined fashion.

Q: How does Tango’s process work for proxy statements?

A: Tango is the only solution that actually enables you to create the PDF, EDGAR, and microsite versions from a single source. What’s more, our software also allows you to collaboratively create all three versions in-house. That doesn’t just let companies save time and money—it empowers them to truly be in control of the production process from beginning to end.

For years and years, our software has been used to collaboratively create PDF and online microsite-style annual reports from a single source; given the evolution of the proxy statement over the last couple years, we’re a perfect fit.

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WHEN SHOULD A PUBLIC COMPANY CONSIDER APPOINTING AN INDEPENDENT INSPECTOR OF ELECTION?

- If you think you may have one or more matters on your shareholder meeting ballot where the outcomes could turn out to be close or contentious
- If investors are voting on one or more “material items” – like a merger, recapitalization or a bylaw change that requires shareholder approval
- If you are planning to have a Virtual Meeting - where everything takes place in cyberspace
- If you want to be sure that any firm or individual inspector that you and your board appoints has rigorous procedures in place – and actually follows them – and that the inspector(s) can stand up and be effectively counted on themselves if challenged
- If you simply want to follow “best practices” when it comes to inspecting the election and certifying the final results...using Inspectors who are totally independent

Members of the CT Hagberg LLC team of Inspectors of Election at the annual due-diligence meeting and tour of the tabulating operations at Broadridge Financial Solutions. Please note that we conduct reviews of the quality-control procedures, and the work products of *all* the proxy tabulation firms we work with.



Please think about having one or more expert and truly independent Inspectors from our team as a part of your company's own shareholder meeting team.

Visit our website to review “Questions and Answers about Inspectors of Election”... “What, Exactly Should Inspectors Be Inspecting?”... “Who’s Counting Those Votes, Madam Chairman?”... and our latest list of “Best Practices in Selecting and Appointing Inspectors of Election; Our Top-Ten Tips” and to review the profiles of our current team of Inspectors.

To reserve an Inspector for the 2017 proxy season please call **Team Manager Carl Hagberg** at **732-778-5971** or email at **cthagberg@aol.com**. And do please remember that April, May and June get booked-up mighty fast these days.



STOCK TRANSFER AGENTS & AGENCY SERVICES

COPING WITH A SHRINKING UNIVERSE OF PROVIDERS

Transfer agents take a lot of heat – from shareholders – and sometimes from their clients too, although, after all, that’s what you really pay them to do. But if you stop to think about it, you’ll realize that they probably wield more tools on your behalf than any other supplier you have.

This business, as most readers also know, has been undergoing a massive consolidation for over ten years now – driven mainly by dramatically falling unit volumes as shareholders continue to migrate to ‘street-name.’ The result; a do-or-die competitive environment.

At this juncture, we are convinced that there is no room in this industry for more than three, or at most, four players...and that one of the five largest Transfer Agents – and maybe two of them – will not be around in 3-5 years.

Let’s take a quick look back: Over just a few years we saw **Mellon Bank** merge with **Bank of New York** – to pass up former number-one transfer agent **Computershare’s** once commanding market share by a country mile. And then, rather amazingly – on the heels of a massive theft of sensitive shareholder data from BNY-Mellon – Computershare bought the business to take a basically insurmountable lead...And then – as so often happens with rapidly consolidating businesses – came a new entrant, **Broadridge Financial Solutions**, which promised to follow a ‘disruptive’ business model.

Then, not long after, we saw one of the two largest agents in the mid-sized-agent category, **Registrar and Transfer Company** sell its business to Computershare....under something of a ‘regulatory cloud’ as we later found out. **And then...one of the**

largest of the ‘smaller agents’ – **Illinois Stock Transfer**, was shut down by the SEC...for using shareholder funds to keep their struggling business afloat. And then, just a few months later, another of the biggest ‘small agents’ was snapped up by **AST** – which has recently been shopping its business around for a new equity partner, but which still looks like a long-term survivor to us.

This poses quite a dilemma for public companies that might be less than fully satisfied with their current agent – or who, while satisfied with the status quo, are being required to put all of their major supplier relationships out for bids, as part of a corporate-wide mandate.

It poses an equally big puzzle for companies planning to go public – or to spin-off a big unit – where a decision as to which transfer agent to use must be made.

What should you be doing in this environment, if you are a public – or soon-to-be public company? For starters, you might want to read our article and review the stats on **Transfer Agent Market Share - The Key to Long-Term Survival**. Next, please review our newly revised article on **Evaluating and Selecting a Transfer Agent**. We’d also suggest that you carefully review our article on **Transfer Agent Liabilities** – which are much bigger than most people realize – and which could leave your company on the hook for huge losses if your agent makes a big blooper, or otherwise goes belly-up, leaving your shareholder records in disarray, or maybe gone altogether.

If you have Qs, feel free to call us. A subscription to the OPTIMIZER comes with “some free consulting on any shareholder servicing matter that ever crosses your desk.”



A CHECKLIST OF “BEST PRACTICES” IN EVALUATING AND SELECTING A

TRANSFER AGENT

We first published this article in 2003 and, believe it or not, it didn’t need much updating until recently, other than to note that there has been a very good market for buyers of TA services and a very difficult one for sellers throughout this long period of industry contraction.

But over the last 2-3 years the pace of change has accelerated a lot - driven by the very sharp decline in the number of registered shareholders - and, as a result, in a huge decline in the number of transfer agents. The field of agents that will pass the sniff test with medium-to-mega-cap companies, and their boards, is down to four agents at best.

But oh...watch out, dear readers...More and more public companies are insisting that corporate citizens shop around - and put all of their important supplier-services out to bid every three years or so. Also, while IPOs have been few and far between of late, they’re still out there - along with a fair number of spin-offs too - where a decision on the Transfer Agent must be made.

Accordingly, we realized that an update on assessing transfer agency services, and on obtaining and evaluating bids on a big family of products and services that is mighty arcane subject matter for most of our readers - and making the really big decision on where to place your chips - was long overdue. So here’s our just-updated version of one of the *OPTIMIZER*’s all-time-classic articles:

PLANNING THE SEARCH:

- **Step-one in our book is to think long and hard about the kinds of things that are most important to you – and to your company - when it comes to your dealings with the transfer agent:** A “high-tech company” might put “cutting-edge technology” highest on its list. Companies that follow the “six-sigma process” may place the highest emphasis on quality control programs, although one such company - very shrewdly we think - awarded most points for the programs agents had in place to attract, retain and reward excellent staff. Some companies place their highest emphasis or on where they will “rank” relative to other TA clients - and this is very much worth considering these days. But the smartest of all, we think, put the highest emphasis on “personal service” - and on the caliber and knowhow of the people who will be assigned to their account.
- **Be sure to talk with all the areas that interface with the TA** - the Corporate Secretary, Chief Governance Officer, the General Counsel - and the IR, Treasury, HR, Corporate Communications and Public Affairs offices - to inventory all requirements, and to focus on any special requirements, expectations or “issues” they may have. Companies that have stock option plans, restricted shares, 423(b) or other employee ownership plans, for example, will want to pay particular attention to the capabilities of each agent and their ability to interface smoothly with related service providers like brokers, plan trustees and record keepers, as well as your own company’s payroll, tax and accounting departments.

- **Ask yourself - and your colleagues - if there are likely to be any new service needs coming down the pike where your TA will be a key player** – like a “global option plan,” a new restricted-share program, an ESOP or a DSPP for example.
- **Rank your list of current and potential requirements in order of importance...**but keep your options open. Sometimes your original priorities change dramatically as you survey the field.
- **Develop a very short RFP; one that requires respondents to focus intensively on your top-ten or fifteen concerns.** Regular readers of the *OPTIMIZER* know how much we dislike those “canned RFPs” that have been making the rounds like chain letters. Aside from the unwieldy length, and the questionable relevance of the questions that have crept into so many RFP templates over time, the major problem with old-time RFPs is that agents respond with even lengthier “canned answers,” straight from their word processing systems. So please read our new article on “RFP-Lite.”
- **Plan to award points for brevity, and for staying on-task with answers to your top issues,** we say... and to subtract points for “canned responses.” Subtract even more points for any of your top-ten concerns that are not adequately addressed, we say, since you really want an agent that pays attention – and that is responsive – and, ideally, is proactive when it comes to your needs.
- **Be sure to include a section that asks respondents to spell out ALL the out-of-pocket expenses they will expect you to absorb** – organized by category. (Related, for example, to dividend payments, tax reporting, the annual meeting, the DRP or DSPP, to shareholder communications, insurance, etc. – along with unit prices and estimated totals. Some agents, as we’ve reported before, are either incredibly bad shoppers for basic supplies, or are treating the expenses they lay out for you as a “profit center.”
- **Attach a list of all the activities your current agent performs for you and all the pertinent unit-volumes:** Pay special attention to services where the TA needs to interface with other third-party providers, so respondents will know exactly





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what they're bidding on – and so there are no unpleasant “surprises” later.

- **The RFP process also presents an important opportunity to look ahead – and to ask for and compare pricing information on any services you may wish to implement in the future** - like DSPPs, ESOPS or odd-lot buyback programs, stock splits, cash or stock dividend payments and merger processing services. Many times, in our experience, the “least expensive agent” proves to be the most expensive by far when situations arise that were not specifically covered by the RFP.
- **Here's another new area where issuers need iron-clad assurances and a firm plan, should they decide to change agents: the willingness of a new T-A to accept, and convert, or otherwise preserve the shareholder records that have been created by any and all prior agents:** Many of these records may be decades old - and many of them have likely been created by transfer agents that are not in business anymore! (Read our article on Transfer Agent Liabilities to see how important these records can be.)
- **Get help from an industry expert:** There are several firms (including our own) that can help companies through this process, which can become quite a time consuming one. It's also a process where understanding and buttoning-down all the “fine details” usually makes a world of difference. If you are not an “expert” on such matters, it will literally pay you to hire one.
- **Buckle-down for a fairly lengthy process:** Typically, it takes at least three weeks to canvass your colleagues and get your RFP and your game-plan together; another three weeks to receive responses; at least a month to evaluate them.

And don't forget that it usually takes at least 45 days more to notify the many people that will need to know – and to convert the shareholder records in a smooth and orderly fashion – should you ultimately decide to change agents.

SELECTING RECIPIENTS OF YOUR RFP:

- **This is the one part of the process that actually got a lot easier since we issued our first set of check-points:** The industry is now down to no more than four players that can pass the sniff test with medium-to-mega-cap companies and their boards. (Virtually all of them are represented, we should note, in this Special Supplement and in our Online Directory of Pre-Vetted Service

Suppliers. If you are subscribers and want to ask a few questions, “some free consulting” comes with the subscription - and we are always happy to speak with readers.)

EVALUATING RESPONSES:

- **Start with the fees:** Even though we tell our clients that this is the least important of the issues (once you've decided on the agent that's really right for you, the money will always work out, we find) it is important to list each and every one of the required services - and each of the services that you may need or want down the line - and to enter the fee that each agent is proposing to charge - if any - because these days, most agents tend to offer a “bundled” fee for “basic services.” You will probably be surprised by the number of times it will be not at all clear that a given service is included in the “bundle.”
- **Create a similar matrix for the out-of-pocket expenses.** This will help you determine that all such expenses are accounted for by each agent, and are on an “apples-to-apples” basis. Wide variances, which are common in our experience, will also help you identify missing items, “bad shoppers” - or those with excessive markups. Sometimes you will find that the quality of such things as checks, envelopes, etc. may be in excess of what you really need - or may not be up to your company's standards. Big variances may also indicate that the bidder is proceeding under faulty assumptions...or simply made a mathematical mistake.
- **Next, create a matrix that will list each of your 10 or 15 top issues and allow your team to enter notes on their qualitative evaluation of each agent.** While some of the data - and often many of the demerits too - can be entered after reading the responses, the most important points, in our experience, need to be evaluated first-hand. (See the sidebar for your editor's top-six decision points)
- **Schedule a site visit with each “finalist”:** This is the only way, in our opinion, to get at the qualitative issues. Complete your evaluations as soon as possible after each visit. Since all of the agents on your short-list are clearly capable of performing all the usual functions in a creditable fashion, the “scores” are likely to be very close. Thus, we find it helpful to assign numerical weights to each of your most important decision points, and to multiply by the

numerical scores – in order to sharpen and conclude the analysis.

- **Network with and obtain references from clients of each finalist who have servicing needs, philosophies and styles that are like your own:** Although each agent will provide you with a list of references, and recent wins and losses, do some digging on your own. And sometimes, the “references” you’ve been given by suppliers will surprise you!
- **Do not place a lot of reliance on those so-called “transfer agent quality” surveys:** As the *OPTIMIZER* has noted on many prior occasions, they have a variety of flaws – too numerous to mention here. But the bottom line is that they have little or no statistical validity and only modest “directional validity.” You need to be benchmarking against companies like yours; not against an unknown universe of respondents whose needs and expectations are equally unknown to you.

AWARDING THE CONTRACT:

- Most transfer agents have a fairly standard “contract” that spells out their responsibilities to you and your shareholders – and your

obligations to the agent – in considerable detail. Be sure to review this contract with care – and to involve your legal counsel too – before awarding the business.

- **Pay particular attention to the notification, indemnification, termination, renewal and “assignment” provisions.** Regular readers will recall, we hope, some of our “horror stories” about such things as one-sided indemnification provisions, unrealistic “limits” on the agent’s liability, automatic renewals if a company fails to give early notice and shareholder records “held hostage” during disputes over termination fees.
- **The fee and service proposal – with any and all amendments that may have been made during the evaluation and negotiating process – plus any and all commitments the agent may have made with respect to performance – should, of course, be incorporated as part of the contract.**

Please take a look at the sidebar with our Top-Six Items in Choosing a Transfer Agent, designed to make a difficult decision as easy and as clear as possible.

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YOUR EDITOR-IN-CHIEF'S TOP-SIX ITEMS IN CHOOSING A TRANSFER AGENT - FROM THE PERSPECTIVE OF SOMEONE WHO SPENT 32 YEARS INSIDE THE BUSINESS:

1. **The quality of the top management team; specifically, the background, experience and stability of the team; plus the way they relate, as people, to each other and to the rank and file is still the number-one item to look at in our book.** If things are in excellent shape here, all else tends to be - and tends to stay - in proportionately good shape, although to tell the entire truth, many of the best players have been through a few rough patches over the years... usually following big systems changes, location changes and top-management turnover.
2. **Since our last version of this checklist, however, there has been another MAJOR issue to consider up front: The likely “staying power” of each of the agents on your short-list.** When we first drafted this checklist in 2003 there were more than a dozen transfer agents that could basically do the job. Today, we are down to four or maybe five. And readers, there is really no room in this still shrinking industry for more than three “mainstream agents” to survive over the next 3-5 years, we say.
3. **Next in importance are the kinds of people, systems, procedures and technologies that are employed to provide fast, responsive and “caring” services to shareholders - and to YOU.** After all, this is what you’re really paying the agent for.
4. **Equally important, and a very useful tie-breaker here, are the qualities of the person who will manage the relationship day-to-day;** in particular; how much they know about the business and, even more important, how much influence they appear to have within their own organization...to work on your company’s behalf...and yours.
5. **What used to be the last item on our list is your team’s assessment of the kinds of systems, procedures and technologies that are employed** to make life easier for clients, shareholders - and for the agents themselves. This, we guarantee, will reduce costs to your company.
6. **Today, however, we need to add a sixth, critically important factor -and one that can be very hard to get a good handle on - the overall strength of the agent’s data security, records-retention and backup systems - and, especially, the strength of their cyber-security systems.**

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“RFP-LITE”

GOODBYE AND GOOD RIDDANCE WE SAY, TO THOSE 20+ PAGE RFPS WITH THEIR 200-PAGE RESPONSES

Five years or so ago your editor was part of a panel on RFPS, and the subject of “RFP-LITE” came up. The idea was to do something a lot simpler – and a lot shorter than most “formal RFPS” tend to be – given the fact that more and more companies are requiring their staff members to test the market for all the products and services they buy every few years.

We must confess that we were not big fans of this idea at the time. Back then there were very significant differences in the capabilities, management and staff “sophistication” – and in the internal control systems and all-important financial resources of the then top-five or six transfer agents – and at most of the other industry service providers, like proxy solicitors, IR consultants and financial printers – and there still are, to some degree.

Your editor also agreed – and we still agree – with one panelist’s observation, quoting George Bernard Shaw’s play, *The Doctor’s Dilemma*, that “all professions are [essentially] conspiracies against the laity” So there is no substitute for doing a very thorough job – and for using true experts, with insider expertise – to explore all of the truly important factors in making smart choices among service providers.

But recently, we received a challenge from a very large public company, with a very large shareholder base, that hadn’t searched the provider universe for 15 years. Aside from a just-out corporate mandate to review and look to pare down every significant line item in their budget, they realized that the shareholder servicing world had changed dramatically since their last contract for transfer agency services – which, with exhibits, amendments and the binder weighed-in at about five pounds!

They wanted to challenge a very few carefully selected providers to think from a ‘zero-based perspective’ – and to think very much outside the box – and to focus intensively on new and better ways to

get things done – and to save both time and money, while, ideally, improving service overall...which is what we call “optimizing.”

They liked our longstanding advice to get suppliers to “sing for their supper” by offering up their own very best ideas, which – guess what – led automatically to a very short RFP; less than two full pages, plus two pages of information the recipients needed to produce a fully responsive “indication of interest, plus indicative pricing, on which [the company] can rely.”

Initially, they wanted to keep the responses to 20 pages max – with no marketing ‘fluff’ – and no exhibits. But in the end, they took our advice, to say ‘no fluff, no stuff’ – and to suggest 20-pages as the maximum – but to say they’d be open to a few more pages if there were more than 20 pages of compelling new ideas.

All of the responses came in well under the 20-page limit – and were extremely responsive to the requirement in the RFP to cut straight to the chase and to eliminate all but the most important things a prospective customer needed to know. So the responses, which were indeed light in volume, were heavily loaded with relevant info, and not “lite” at all.

It should be noted that RFP-Lite works well for almost any product or service review, but that a second round of careful due-diligence is still required if a change of providers falls out of the competition. And either way, all new contracts require careful vetting by “subject-matter experts.”

We think that the respondents were not only challenged, and stimulated by the shorter format – and the orders to cut to the chase – but were absolutely delighted to forego the mostly canned and cut-and-pasted 200-page responses they were used to cranking out. Readers, do feel free to call us if you’d like to discuss the “lite but heavy” RFP methodology in more detail.

LEWIS GILBERT

(1907-1993)

JOHN GILBERT

(1914-2002)

THE ORIGINAL “SHAREHOLDER ACTIVISTS”

AND THE FOUNDERS OF THE MODERN
CORPORATE GOVERNANCE MOVEMENT

Your editor-in-chief was fortunate to have been a witness to dozens and dozens of ‘performances’ by the Gilbert brothers at shareholder meetings, where he came to know them both. They loved the lime-light, and they enjoyed stirring up the pot - and the audience too - as all gadflies do.

Often they hogged the microphones far too long for anyone’s good, but they were the original champions of, and untiring fighters for “Corporate Democracy.” Their efforts took the idea to an entirely new level when the SEC ruled, in 1946, that shareholders were entitled to submit proposals to management, and have them put to a vote. As you will discover, many of their pet proposals are still being fought over, and increasingly adopted by companies today - 80+ years after they began their campaigning.

The Gilbert family fortune was initially made in the California gold rush, where Lewis and John’s great grandparents sold pots and pans, pickaxes, denim pants, and whatever else the miners-49-ers needed. The family moved back east in the early 1900s and it was Grandma Gilbert who got the family into the stock market in an amazingly big way - by buying shares of every single dividend-paying stock on the New York Stock Exchange after the market crash of 1929 for literally pennies per share. Legend has it that Grandma also bought the eight-room Park



LEWIS GILBERT AT THE
BECTON DICKINSON
MEETING (1979)



Avenue apartment that later became the headquarters for the Gilbert brothers’ proxy-proposal-filing factory, and Lewis’s home as well - approaching the doorman after the apartment’s prior owner jumped out of the window.

Both brothers attended private NYC prep schools, after which Lewis began a moderately successful career in journalism. But, as Lewis famously told the press, they lived “on their dividends and interest - just like everyone else.” John, who absolutely worshipped his brother, never worked a day until he met his wife-to-be - who eventually came into a pretty big stock portfolio of her own. Her father refused to give her permission to marry to a man who’d never held a job - so, as Lewis told your editor, John wrapped books at Brentano’s for a few weeks during the holiday season, until the father relented. John and Margaret became the most doting and devoted couple we’ve ever seen -and they too lived on Park Avenue, just a few blocks away from Lewis and “the office” as they called it.

Lewis attended his first shareholder meeting in 1933 - the Consolidated Gas Company, soon to become Consolidated Edison, in Brooklyn, N.Y. "I expected to be welcomed cordially and to be treated like one of the owners," he later said. "I got up to ask a question, but before I had a chance to say anything, one of the officers sitting in the back of the room made a motion to adjourn." Back then, the typical annual meeting drill consisted of reading the minutes of the last meeting - or waiving the reading by voice-vote - then reporting on the election of directors, since the deciding votes were already in. There was no such thing as a written annual report to shareholders, much less a 'shareholder proposal' that would ever be given a moment's consideration. Questions from the floor were decidedly unwelcome, and almost unheard of, since shareholders other than the top management were almost never in attendance back in the early '30s.

Lewis - with brother John mostly 'in tow' initially - set out to change all that. Thanks to Grandma, they had holdings, mostly smallish ones, in over 1500 stocks. Soon, they were attending as many as 150 shareholder meetings a year, all around the country - sometimes together, but usually dividing up the duty, since so many meetings occurred on the second and third Tuesdays and Thursdays in April back then. Their 'shareholder activism' coincided with a steadily growing interest in stocks, and a big upsurge in stock ownership by individual investors as the economy, and the stock market began to recover and then took off in a really big way, beginning in the 1950s. They founded a non-profit organization, Corporate Democracy, Inc. and for 40 years - from 1939 until 1979 - they published their own Annual Report. It covered, and rated the shareholder meetings they attended, along with the CEOs and the good - or bad - "governance matters" the Gilberts raised. They typically ran to 270 pages or so, including 15-20 pages of photos - of them, and their allies - and the CEOs of companies that treated them respectfully - several of which are reproduced here.

Many of the Gilbert's then standard questions are still amazingly good ones; too rarely asked these days at shareholder meetings: "Have there been any changes



**JOHN AND MARGARET GILBERT
AT THE FOREMOST MCKESSON
MEETING (1979)**

to the Bylaws since the last meeting?...What did you pay your outside lawyers...and your independent accountants last year, and how does that compare to the year before?...How many staffers were in the internal audit department vs. the prior year, and what accounted for the variance?...What are your plans to raise the dividends?" Lewis would usually have numerous questions about the footnotes too, probing for weaknesses and for actual or potential problems that were not clearly disclosed in the annual reports -

and he always went out of his way to educate the individual investors in the audience about what to look for in annual reports and the 10-ks. He especially loved to admonish impatient Chairmen, in a loud and imperious voice, that "YOU work for ME."

In many ways, today's institutional investors advocate and hew to standards that are much like those the Gilberts advocated: They considered themselves to be shareholders for life, running a mini-index fund of their own and bragging that they never sold a single share. They looked hard at where - and how - the corporate cash was being spent - and they put shareholder returns first and foremost on the agenda. They hammered away on outsized executive pay - far harder, we'd say, than most professional investors do today. They were huge supporters of cumulative voting, which they recognized early-on as an incredibly powerful weapon in terms of being able to oust selected directors and "refresh" overly entrenched boards. They successfully prevented many companies from ditching the standard (which was the standard in many states back then) and actually got a few companies to adopt it!

They hated staggered boards - and mounted several successful campaigns to head them off, or to have companies repeal them. They were also strong supporters of "preemptive rights" that would give existing shareholders first crack at any follow-on financing or new issues of convertible securities, so as not to dilute their holdings unless they failed to participate. Back then, rights offerings were common - and often, the rights had fairly significant cash value to investors, who could sell them easily, through the 'rights

agent' if they did not want to buy more shares. (We sure wish they would come back!) Unlike today's activists, however, the Gilberts hated mergers - unless they were fully stock-for-stock deals - and they urged companies to let small shareholder round-up any fractional interest, rather than being paid in cash.

The Gilberts were also among the first investors to urge companies to put women on boards, and to seek out minority directors. They were great friends and supporters of women's rights champion Wilma Soss, whose own history can be found on our website. From the beginning of their campaigning, they asked companies to allow shareholders to nominate directors...something that occurred over 80 years later!

Their new "job" as shareholder activists came with very nice benefits, in that all of their travel and lodging expenses were tax deductible, and the brothers - and Margaret too - were typically taken to nice places for breakfast, lunch and dinner by company officers who wanted to get a preview of all the questions the Gilberts intended to ask, and all the remarks they intended to make...which tended to be many. One of their pet proposals was for companies to rotate their annual meetings to sites around the country where they had significant numbers of shareholders and/or operating units - and not to out-of-the-way "hamlets" which many companies chose on purpose - which would, of course, produce a steady stream of junkets to new places for the Gilbert family.

The brothers presented quite a contrast at meetings, both in style and substance: Lewis was the statesman; erudite, well prepared, sharp as a tack - brandishing and referring to a big sheaf of notes - and very fast on his feet in a debate. He was also quite a dandy, dressing sharply in well-tailored suits and sporting flashy pocket-hankies and eye-catching and expensive neckties. After Memorial Day he'd often appear at meetings in a seersucker suit, with a Panama hat and white shoes.



John, on the other hand, was quite literally the clown: He favored strikingly loud sports coats - many of them clearly custom made - with big, bold plaids and checks or fanciful patterns, usually paired with equally loud golf-pants and white patent-leather or wildly patterned, big-buckled belts. He almost always sported a loud, but very snappily tied bow-tie or, occasionally, a bolo. At most meetings he would wear a big red clown nose - sometimes to make his point that the chairman was a clown - but often just for fun - and to draw extra attention to himself. If any scandals were reported in the press, he'd don a deer-stalker hat and peer through a magnifying glass as he asked his questions, to "investigate" and get to the truth, he'd say.

John was not much of a questioner: If he had issues with the management, his favorite tactic was to honk a loud bicycle horn, with a big red rubber bulb, whenever he disagreed with the chairman's point, or with that of another attendee...And all too often, the Chair would let him get away with it! While Lewis was never evicted from a meeting to our knowledge, John was physically removed from many of them, for failing to yield the microphone or for arguing loudly and at length with meeting attendees, who often tried to shout him down or shut him up - which sometimes ended in a scuffle. He moderated his behaviors as he got older - and whenever Margaret was around to pull on his

sleeve. Later in life, after he attended and graduated from Clown College, which he was immensely proud of, he adopted a more jocular style, showed-off his diploma and often passed around clown noses to the audience.

A very big part of their success - and fame - was based on showmanship, and on saying and doing things that would make the newspapers. Frequently the brothers would engage in a bit of by-play, and

sometimes in shouting matches with Evelyn Y. Davis - another gadfly and a serial shareholder-resolution proponent who loved to hog the limelight herself - and whom the Gilberts loved to taunt. One of our own most unforgettable meeting moments was at the Bristol Myers meeting, some 30+ years ago, when the Gilberts asked the Chairman, and the meeting as a whole, to note "An important anniversary - the 'Xth' anniversary of Evelyn Y. Davis's arrest....for prostitution" - and passed out reproductions of the centerfold from the New York Daily News, showing her being led away from her "secretarial-service" office in the Empire State building, in handcuffs.

The Gilberts' biggest breakthrough on the Corporate Governance front came in 1946, when they launched a campaign against Transamerica Corp., which culminated in SEC rulings, later upheld by the U.S. Court of Appeals, that shareholders had the right to ratify the appointment of outside auditors - and the right to submit shareholder proposals that would be put to a vote at shareholder meetings.

Suddenly, "the office" began to churn out shareholder proposals at a record rate. Most years they filed and introduced over 100 shareholder proposals, and co-sponsored, or spoke up at meetings on many more. Their 40th Annual Report, in 1979, featured five full-time staffers who would often represent them at meetings on busy dates, and as a little perk



LEFT: MARTIN GLOTZER AT BEATRICE FOODS (1973)
RIGHT: PEARL GLOTZER AT BORG WARNER (1979)

for them, and where they too would pepper the management with a barrage of questions. The Gilberts also had a network of fellow activists and friends - like Martin Glotzer in Chicago- who still appears and sponsors or introduces proposals at many meetings - and his wife Pearl - who would introduce the Gilbert proposals if all them were at other meetings. In 1983, a record year for them, the Gilberts sponsored 198 proposals, or 20% of all the proposals that were up for a vote.

Whatever we may think about their serial proposals, their theatrics and their love of the limelight - and of the microphone at shareholder meetings, the Gilberts were the first to identify most, if not all of today's top corporate governance issues. While they lived to see many of their goals achieved, it is rather amazing to see some of them catching fire 80+ years after they were first proposed!

The editor wishes to thank long term friends Martin Glotzer, for sending him several issues of Lewis and John Gilbert's Annual Report, and Alexander Miller, for sending him the December 11th and 13th 1948 issues of The New Yorker magazine, that featured a 2-part profile of Lewis Gilbert by John Bainbridge, all of which have numerous and fascinating details for those who'd like to lean more about the amazing Gilberts.

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PROXY ACCESS: ACTIVISTS WILL HAVE TO USE IT - OR LOSE IT

Ever since “proxy access” was first put forward as the biggest and strongest tool in an activist investor’s tool-kit, we have been trying to convince the world what a total farce it is. Why do we say this? Because (a) only the most foolish of companies would be so stupid as to totally stiff-arm a big investor – or worse, a group of disgruntled investors – who feel that some serious ‘board refreshment’ is in order and who might want to suggest a few candidates... And (b) investors like these have a much stronger tool at their disposal, namely, to launch a Vote No campaign against one or more directors they feel should be replaced. Even if a company has not formally adopted a majority voting standard, every director who polls less than half the vote (and most others who get only 70% or so of the vote) will be forced to step down in today’s environment - or embarrassed into doing so voluntarily, before the votes are made public for all to see.

And yes, there is a (c) as we’ve also pointed out: Investors who are really serious about seating one or more candidates of their own will definitely NOT try to piggy-back on the issuer’s own proxy statement, but would run a contested slate, using their own proxy forms and their very own barrage of allegations, arguments and assertions – IF they want to win, that is.

But another thing we opined about proxy access from the get-go - that once they had it, activist investors would be forced to use it or lose it – came true this fall, way before the Big 2017 Voting Season opened up, when GAMCO, one of Mario Gabelli’s funds, nominated a director at National Fuel Gas under the proxy access bylaw the company had adopted.

And then...a happy surprise...National Fuel fought back, saying that the Gabelli group, which had been calling for over a year for an overhaul of the business, and maybe a spin-off or two, was really trying to effect “control” over the company’s business decisions - and that was NOT what the company’s proxy access bylaw envisioned, or allowed. Then, very shortly thereafter, and with no further explanation, the dissident director withdrew his name from nomination.

Nonetheless; Don't breathe easy, we say: With dozens and dozens of companies having adopted proxy access - and with many more "volunteers" to come, for sure - it can still be a cheap and easy way to rattle the corporate cage, and maybe win concessions beforehand. And yes, it really IS a use it or lose it proposition. Activists WILL have to try to use it...and probably - now that the first attempt failed so quickly - before too long. We are betting our money that we will see at least one such test-case, and maybe more, in the 2017 meeting-season.

Our guess is that the activist investor community is very carefully scrutinizing a list of companies that (a) lag their peer group, performance-wise and (b) outperform their peer group when it comes to hewing to the old

"Directors and the CEO know best" model and (c) have a preponderance of very long-serving directors and (d) a striking lack of "diversity" when it comes not just to age, but to diversity in terms of gender, ethnicity and business experiences - and looking hard for the lowest hanging fruit to literally pick off.

Sad to say, there are an awful lot of companies out there that fit the "low-hanging fruit" bill to a T. And where once, not so long ago, most companies could count on activists to approach them cordially at first - and maybe give the management a chance to meet them halfway, and strike a mutually agreeable deal...we would not bet much money on THAT theory anymore...Forewarned should be forearmed here, say we: En Garde!

THE SEC RELEASE ON A "UNIVERSAL PROXY" FOR CONTESTED ELECTIONS: "NOT READY FOR PRIME TIME" WE SAY

Here are some excerpts from the editor's comment letter to the SEC, written "from the perspective of someone who has closely observed hundreds and hundreds of formal proxy contests over more than 40 years, and who has served as the Inspector of Elections at well over 100 of them - and who has witnessed, and has sometimes been the target of hundreds of formal 'challenges' to the reported results.

"While I truly believe that both the Council of Institutional Investors and the SEC had the best of intentions when they advanced the idea of making a "Universal Proxy" mandatory in contested elections - and while I personally think that the objective, of allowing shareholders the same ability to vote by proxy that they would have if they attended meetings in person is a laudable one - there are several unforeseen and potentially undesirable consequences to the many options that are currently up for comment that I believe the SEC needs to address if indeed it decides to move forward.

"The biggest set of problems I find with the release arise from the name of the thing: Asking for parties to a proxy contest to use a "Universal Proxy" strongly implies that in every situation, every proxy on both sides of a proxy contest should look the same, and cover - and say basically the same things - in essentially the same way - maybe even down to things like listing candidates from each slate in alphabetical order - and maybe even regulating the size of the typefaces that are used, as the release suggested. This approach would decidedly not foster "good corporate governance" - for the reasons I will try to explain below:

"The release, as it stands now, presents daunting drafting difficulties for issuers and opponents alike - and provides no clear guidance for drafters of so-called "universal proxies": While it seems fair to us, as it did to the Council of Institutional Investors, that every shareowner should be able to know about every item that is on the meeting agenda - and be able to cast a vote, or abstain if they choose to do so - this approach can and will create some daunting drafting difficulties - and sometimes, some hard strategic decisions too - for both sides: Each side would have to state whether they are recommending a vote for or against each such item - or maybe they will decide to make no recommendation at all on certain items - which will make the two versions look, and be, entirely different. So much for the "universal" part we say...So coming up with a new and better name for the desired form(s) - and coming up with something much shorter, and clearer - and studiously avoiding a "one size fits all approach" - should be top priorities in any next steps.

"Proxy forms are critically important 'strategic weapons' in a proxy contest: In a formal proxy contest, the Proxy Forms - and the Voting Instruction Forms too - are important, and ideally powerful strategic weapons in terms of "soliciting proxies" - regardless of which side the sender is on. Each side wants - and needs - and should be allowed to make its "best and most convincing case" - AND, we say, to use their best and most creative efforts to present the most compelling document it possibly can. For example, a smart drafter on the opposition side of a proxy contest will want

to single out one or more of the management candidates (as many of them as they have opposing candidates to offer) and specifically solicit a vote NO against them. This is a very effective tactic when there are more candidates than seats up for grabs, since it allows opponents to target specific candidates for criticism in their proxy materials - and to single out the “weakest” candidates to be taken down from the “management herd” via a vote-No. This greatly improves their odds of winning seats, vs. allowing voters to pick and choose among, let’s say, ten or twelve management candidates on an alphabetical list.

“The release needs to provide clear guidance to assure that voters do not invalidate their votes, by casting more votes than allowable: A very important aspect of a so-called Universal Proxy that needs to be addressed with more care is how to assure that shareholders (who often fill out cards for both sides in a proxy contest, strange as it may seem) do not end up voting for more directors than there are seats available to be filled. Doing so will make their card or cards totally invalid. To prevent this, voters need to be instructed to vote either Yes or No - and voters on both sets of proxies need to be warned - in a very prominent way - that they may “Vote for no more than ‘X number’ of candidates in total.” No “Abstain” or “Withhold” boxes should be allowed, in order to remove any ambiguities and to reduce the chances that more boxes will be checked than there are seats to be filled.

“Parties to a proxy contest should not be permitted to solicit a proxy, or tabulate a proxy using a “Universal Proxy” unless investors simultaneously receive a copy of the soliciting entity’s own proxy statement: This is another set of practical and “good governance” difficulties that the release did not adequately address, but one the SEC can and should cure if it decides to go forward with a so-called Universal Proxy” In accordance with longstanding SEC rules, neither side should be allowed to solicit a proxy on its own form - unless the voters who are being solicited have received proxy statements that fully explain all the matters to be voted upon. Perhaps, as some have suggested, voters could be directed to a website where the proxy statement can be found - but this option, it should be noted, is currently not allowable under SEC rules in a non-contested election.

“How could it possibly be fair to require an issuer - who typically makes a mailing to every shareholder in a proxy fight - to show all of the items up for a vote, and to tabulate all such votes, if the opposition side has not sent a similar form - along with their own proxy statement - to every holder? And surely it would not be fair to require issuers

to publicize, and refer all of its shareholders to opposition materials that are posted on another site if the opposition is conducting an “exempt solicitation” - and soliciting proxies only from a small group of holders.

“Any new rules governing proxy contests should not allow abstentions, and so-called ‘broker votes’ on routine matters, to be counted as part of the quorum for holding a contested election of directors: It seems fair - and a good thing - at first blush - to allow voters on both sides a chance to ratify the appointment of auditors, for example (or to vote no, or to abstain) even if the “opposition” is not offering a recommendation one way or the other. But in practice, this would be a very bad thing to do in a proxy contest, in that not just the yes and no votes - but abstentions - and “broker votes” too on this and other “routine matters” - make it much easier to achieve a quorum. This would allow contested meetings to proceed even if a majority of “the shareholders present in person or by proxy”, i.e., “the quorum,” is made up of abstainers, and/or represented by large numbers of “broker-votes” on so-called “routine matters”

“It is critically important to understand that trying to prevent a quorum is often a very important tactic in contested elections - and a legitimate one, we’d say - when one side or the other believes they will prevail if given more time to solicit proxies...So, on balance, helping one side or the other to achieve a quorum with the help of “broker votes” - simply because there is one “routine item” on the agenda - is not so fair or so good a thing to allow in a proxy contest when all is said and done. We are not sure that the SEC can fix this situation. It might be something that each issuer would have to address by amending its charter documents if the SEC were to rule that every shareholder must be able to vote on every matter on the agenda in a contested meeting.

“The SEC draft fails to fully appreciate that the conduct of corporate elections is - and should be, we say - largely a matter of state law: When there are “challenges” as to the way a specific proxy form was designed and/or executed (as there almost always are in proxy contests) there are, almost always, state court rulings that come into play - which become the deciding factors in determining whether a given proxy is valid - or not. Do we really need or want new SEC “Universal Proxy Rules and Regulations” that run the risk of muddling up, or perhaps negating the numerous state court rulings that already exist, and that often differ in important respects from state to state? We think the answer is no.

“To sum up, we feel, as has often been noted, that “The strongest corporate governance measure there is, is to maintain a vigorous market for corporate control.”

Accordingly, we feel strongly that both sides in a proxy contest need to be allowed to take their very best shot at winning the votes they need to carry the day, consistent, of course, with the need for full and fair disclosure.

“While we basically agree with the idea that every shareholder should have a right to know about, and to vote if desired on every item on the agenda in a proxy contest, we also feel strongly that a new set of SEC-prescribed “Universal Proxy Rules and Regulations” - as currently proposed for comment - could have a *chilling effect* on the ability of both sides to design their materials in the clearest and most compelling way possible, and to “electioneer” as effectively as possible for their positions.

“We also believe that even if all of the technical shortcomings in the subject release were to be successfully addressed, there is no need whatsoever for new SEC-promulgated standards for proxy contests - and that state laws, and their time-tested practices and procedures should continue to prevail.”

ACTIVISTS TAKE AIM AT VIRTUAL MEETINGS FIRING MISGUIDED MISSILES... THAT THE SEC SHOTS DOWN

Activist investor **John Chevedden** filed a shareholder proposal with **Hewlett Packard Enterprises** in October, calling for the company shareholders to *“request that our Board adopt a corporate governance policy to initiate or restore in-person annual meetings and publicize this policy to investors”* - noting that *“Our management has adopted procedures allowing it to discontinue a Corporate America tradition – a physical stockholders meeting and “substitute” a virtual meeting – an alarming decision.”* The proposal goes on to cite a list of reasons why *“Cyber meetings should only be a supplement to traditional in-person shareholder meetings, not a substitute.”* It is likely that he will introduce basically identical resolutions at **Comcast** and **Intel**.

As we’ve written here before, we think that in-person shareholder meetings are very good things for most big, and widely held companies - and for their “retail shareholders” too. We do not expect them to go away in the foreseeable future. If anything, we see more and more companies trying to make them more valuable - and more attractive to attendees over the past few years.

But, at the same time, we have been noting how good a thing, and how cost-effective a Virtual Meeting can be, when used appropriately. When there are no big or controversial issues on the ballot, or on the company’s own agenda, as is the case for most companies, in most years, VSMs are big money-savers for issuers - and, of course, for their investors. A huge number of them take place in the outside counsels’ office space...so no hall to rent, no catering to buy, no need for outside “security forces” or

for expensive A-V services at a hotel or conference hall for example. Out-of-town Directors can attend from anywhere in the world...with no travel expense. We particularly like the fact that they create a record of the proceedings that are available to anyone in the world - and on the web for a year or more. Best of all, shareholders - including activists - and often, any other interested party can attend too, simply by dialing in. (We served at a VSM a year ago where all of the attendees, except for one director who logged in from out of town, were securities analysts - who stayed for the entire presentation! When’s the last time you saw an analyst at your company’s meeting?)

Ironically, and most important to note, we think, is that Virtual Meetings represent a powerful way for activist investors not just to manage their own travel budgets, but to reach an audience that is infinitely bigger than any they could hope to address at an in-person-only meeting. Our own favorite model is the so-called Hybrid Meeting, that permits attendance in person as well as over the web - and that provides a full, real-time and archived audio-visual record of the full proceedings. In fact, we see this as such a powerful tool that we have advised companies that may be having “issues” that VSMs can provide activists not only with a huge “bully pulpit” but with an opportunity for a “sneak attack” where activists - including lots of big “passive investors” too - could weigh-in with last minute votes that could take them totally by surprise.

So our real fear here is that Chevedden’s campaign - which so far fails to distinguish between “routine meetings” and

those where in-person questioning, and maybe even a direct confrontation with management may be appropriate - will have a chilling effect on something that is clearly a good thing - and the wave of the future.

But Yippee! Just before we went to press, we learned that the SEC had issued a no-action letter to HPE based on procedural issues - and, a bigger surprise, deemed the proposal submitted to Hewlett Packard as being about “ordinary business” so a no-go. Do we expect Chevedden & companions to try again, with a craftier-crafted proposal? Yes...

But on balance, we are not that worried about the future of VSMs: The “economics” of VSMs - at the vast majority of

companies with nothing controversial on the agenda, and with a scanty retail following - are inarguable.

The number of VSMs nearly doubled in 2016 - to roughly 200 meetings. And we heard from a good, inside source, that inquiries about VSM went through the roof, following the long rant against them in a NY Times **DealB%k** column... proving, as we always say, that ‘there is no such thing as bad publicity’...so take that, Mr. Chevedden. And, more positive news, Broadridge is reassembling a broad panel of experts, of every stripe, to reassess and republish an updated version of best practices to consider when considering a VSM...so stay tuned...The real trick here, which Chevedden seems to miss entirely, is that different strokes are appropriate for different folks - and for different situations.

OUR NEWLY REVISED PRIMER ON TABULATING AND REPORTING SHAREHOLDER MEETING VOTES

We last issued our primer on tabulating and reporting on shareholder meeting votes in 2009 - and, since then, there have been so many changes in the landscape, we realized that an updated version was due...right about now...so here it is:

The first commandment when it comes to tabulating and reporting Meeting results is this: “Always prove every item to the Quorum.” Doing this will essentially guarantee that all of the numbers you report will be correct. As we reminded way back in 2008, it would immediately have uncovered the tens of millions of votes that went missing in that year’s election of directors at Yahoo, to the painful embarrassment of all concerned.

- What does this mean in practice? Add up (and ideally, have your tabulating system automatically add up) the For, Withheld, Against, Abstain and any “non-votes” and “no-votes” (in the case of offsetting split-votes by co fiduciaries) for each director and each item on the ballot - to be sure that each of the totals you are reporting are the same as the total you are reporting as the Quorum.
- What is the Quorum? It is the sum-total of all the shares (or voting power, if there are classes of stock with more or less than one vote per share that are entitled to be part of the quorum) that are “present at the meeting in person or by proxy”. Thus, there may be a different quorum, please note, for different agenda items.

- Please note too that simply being present in the meeting hall - even if one does not cast one’s vote on a single matter - is normally considered as being “present” for the purposes of determining whether or not there IS a quorum. But this is only important to consider where there is the possibility that some voters may try to postpone or prevent a meeting by preventing a quorum from being present. If this may be a potential issue, have every attendee sign in, and verify the shares they have - then sign them out and subtract their shares from the quorum if they leave without voting..
- **The second commandment of tabulating and reporting is to always know - and to always disclose clearly in the proxy statement - exactly what it takes for a proposal to “be approved”.** These facts should always be findable in a company’s Articles of Incorporation or Bylaws. Typically they arise from the corporate code of the company’s state of incorporation, but very often, the company, or its shareholders, have adopted special provisions (like a super-majority provision, for example) that supersede the “standard” state law provisions.
- **A very important corollary to the second commandment - let’s call it the third commandment - is to pay particular attention to all the “classes” of stock your company may have outstanding, since shareowners of such classes may or may not have a vote on particular matters, and**

often, the voting power is more, or less, than one vote per share. (Every single year we encounter dozens of cases where this critical information – on exactly what it takes to pass a proposal - is not disclosed, or in some cases is disclosed on one page, but contradicted on another... or is contradicted by an “explanation” – like the wacky explanations of the effect of abstentions and of “broker non-votes” that are being gratuitously inserted like mad these days by eager-beaver lawyers).

- **There has been a major set of voting developments since we first wrote this primer in 2009 that also need increasing attention as a codicil to the ‘third commandment’:** We have been witnessing a big upsurge in the existence of “Voting Agreements” - both in connection with major investors in IPOs, where the founders want to exert continued control - and also in terms of merger agreements - when insiders and other major holders are being required to vote with the management positions on a wide variety of matters that may arise. Another big trend is to require that a merger vote needs to achieve a “majority of the minority holdings” or a majority vote without the votes of “interested parties” in order to bullet-proof the merger against law suits. Arrangements like these require special efforts on the part of public companies - and their vote tabulators - to identify the individual accounts and the share-holdings that are affected - and exactly where there holdings are held, which often proves to be a mix of registered accounts and, very often, multiple accounts at various brokers, banks or other custodians.

DETERMINING WHETHER A PROPOSAL HAS BEEN APPROVED - OR NOT:

- **The most common standard for “passing” a proposal – and generally the easiest to meet - is “a majority of the shares present at the meeting in person or by proxy”...** or, in other words, one-half the Quorum (once there IS a quorum of course) plus one vote. Thus, many proposals can “pass” with as little as 25% of the outstanding shares plus one vote. (There has been a new wrinkle here too since 2009, in that many companies have changed the standard for approving certain proposals to be “a majority of the votes present and entitled to vote on the matter” - which makes it clear that broker non-votes are not to be included in the denominator - which can often take companies by surprise, when there are a large number of Abstentions and Broker-Non-Votes relative to actual voters on a given matter.

The next most common standard for passing a proposal is “a majority of the votes cast”: Here is where it becomes important to recognize that “abstentions” – and so-called “broker-non-votes” are NOT “votes cast”...and thus, such votes and “non votes” make it harder for the proponent to get the needed Yes votes. Only the For and Against votes count – and they are the only votes to be included in the denominator if you feel obliged to report percentages. (There is a rather weird NYSE rule worth noting here - that abstentions ARE to be considered as “votes cast” on certain kinds of stock-compensation matters - which increases the denominator used to determine the percentage of votes cast in favor of the proposal - thus creating a higher, and sometimes hard to overcome hurdle for such proposals to be approved.)

- **Many proposals – and typically, the most important ones to shareholders in terms of the economic implications – require “a majority of the shares outstanding” – and often of “the total voting power” to be cast in favor of the proposal if there are additional classes of stock outstanding.**
- **Some proposals – like proposals to change the Bylaws, oust directors or to merge the company - require a “super- majority” - often two-thirds or even more of the shares outstanding to be cast in favor, in order to pass.**
- **Several “standards” currently exist for electing directors, so it is critically important to know exactly what standard applies:** The majority of public companies still have a “plurality standard”, where votes may be “Withheld” from a director, but where there is no opportunity to cast an “Against” vote. Thus, as long as a director gets even one vote “For”, he or she will be elected, unless there is a “proxy fight” with a competing slate. A rapidly growing number of companies have adopted a “majority voting standard” where shareholders get to vote “For”, “Against” or to “Abstain” on the election of each director candidate. (We have been amazed, year after year, to see how many companies that said they had majority voting failed to give shareholders the For, Against and Abstain choices!) While most such companies simply require more “For” votes than “Against” votes for directors to be elected, some require directors to attain a majority of the Quorum, or even a majority of the shares outstanding. Requirements like these are becoming harder and harder to meet with each passing year, as the numbers of abstainers - and non-voters - have been growing steadily.

OUR “BEST PRACTICE TIPS” ON SELECTING A PROXY TABULATING AGENT

- **Our Number-One Tip:** While you can be your own tabulating agent - and a surprising number of companies do just that, when they use company employees to serve as Inspectors of Election and to collect and add-in votes at the meeting site - our best advice is this: **“Do not try this at home”** - even if you think you have a good safety net: You will almost certainly find yourself “in over your head” one day, you will likely leave a lot of votes ‘on the table’ as un-voted...and, worst of all, your tabulation will have virtually no credibility if challenged.
- **Tip-Two** is to recognize that there are at least four sets of “tabulators” out there, serving different segments of a company’s investor base, or designed to be a sort of “one-stop-shop” for meeting services...so it IS smart to try to OPTIMIZE your mix of providers to best suit your own situation, as best you can: As most readers know, Broadridge Financial Solutions tabulates about 98%+ of the “street votes” - which, in a large-cap company often total 90%+ of the total vote. Most transfer agents still specialize in tabulating the votes of registered shareholders (although there are some that ‘farm some or all of this work out’ to others) and they will, typically, add in the votes reported by Broadridge, and other tabulating agents, and serve as the official tabulators and Inspectors at the meeting itself. There are several very fine entities that specialize in aggregating the files of various Employee-Ownership Plans - and in providing custom-built platforms to tabulate Plan votes - often on behalf of the various Plan Sponsors, who typically need to receive the reports and issue voting instructions directly to the main tabulator. Many of these agents also serve as “full-service tabulators.” Lastly, there are several smaller companies - including a few that compete with Broadridge on the “street-side” - that provide various “meeting management services” - including such things as site selection and meeting staff-support, printing and mailing services, tabulation and (not so ‘independent’ we must opine) Inspector of Election services. For many companies, the one-stop-shopping aspect has great appeal. Others place special emphasis on rounding up the retail vote - and an increasing number of savvy issuers that have 6% - 10% or more of the voting power in a variety of employee plans have been placing special emphasis on providing highly customized programs of late, to help them max out on this usually friendly voting segment. ***With more and more close and potentially contested votes each year, it is becoming increasingly important to have the right providers - and the right mix of providers - in order to achieve the margins a company needs and wants to have where its own proposals, and those of shareholder proponents are concerned.***
- **Tip-Three**, and the most important tip of all; Make sure that any and all of the service providers you select have highly rigorous quality-control standards - and have formal Q-C procedures in place - along with very strong cyber-security measures: Many of the ‘professional tabulators’ whose work we have reviewed in the course of our own Inspecting duties have serious weaknesses here. Some tabulators check only a small sample of the voted proxies - often at random, and without regard to the size of the vote! Others have weak and sometimes no documentation as to what, exactly, constitutes a “valid proxy” - or an invalid one. Other, mostly smaller providers, have dangerously weak internal control and cyber-security systems vs. the best-in-class providers.
- **Make sure that your “primary tabulator” will provide strong support at the meeting site - and that their representative will be well prepared if anything unusual should come up, or if the final report is questioned or, heaven forbid, formally challenged - in terms of (1) their overall know-how when it comes to proxy voting and (2) in terms of their ability to handle conflict in an expeditious, diplomatic and totally professional manner: These skill-sets are increasingly hard to find in this arcane and rapidly contracting field of work.**

THE “WORST PRACTICE” IN SELECTING A PROXY TABULATING AGENT

NEVER use your proxy solicitor as your main tabulating agent - if there is a shareholder proposal or other contested or likely “close” matter on the agenda...UNLESS you also have an Independent Inspector of Election who will closely inspect the tabulator’s procedures - and the tabulations themselves - and certify the Final Report: While it is “probably OK” to have your proxy solicitor serve as the main tabulating agent, to help you track the voting and to consolidate the reports from Broadridge, and maybe from your transfer agent and

one or more employee-plan tabulators, let’s say, this is as far as one could get from a “best practice” if there are close or potentially contested items on the ballot. Using the same entity to solicit - and to tabulate proxies - and to certify the vote as well - creates a clear-cut conflict of interest. Aside from being a ‘bad governance practice’ it could invalidate the results if they were to be challenged and force an embarrassing and expensive do-over, which we have indeed seen and reported on in this space.

OUR BEST-PRACTICE TIPS ON REPORTING THE RESULTS AT THE MEETING ITSELF:

- **Our Number-One Tip is “Never Rush to Report the Final Results”:** We have seen way too many cases where last minute votes, or vote reversals, have changed the final outcomes in unexpected ways, or where a rush to report has led to mistakes in the reported outcomes - especially when the voting on one or more matters is “close.” Also, it *looks terrible* - and it can be a terrific waste of valuable time - to try and report the Final Results if dozens and dozens of votes have been handed in at the meeting.
- **It is always best to report the “Final Results”... if one can do so safely and in a timely manner: But often, the best practice is to give a “Preliminary Report on the Voting.”** Ideally, it will note that the final results are not expected to change materially, based on the Inspector’s review of the proxies received at the meeting, and that the Final Report will be posted on the company web-site.
- **Who should report on the voting outcomes? We continue to maintain that the “very best practice” and especially in terms of “bullet-proofing” the report - is to have an independent Inspector of Election report the results:** There is no need, please note, for the Inspector to read out all of the individual votes and percentages, as was so common in the old days. The Inspector can simply say that “I can report that all of the directors have received a majority of the votes cast (or whatever the specific standard for their election may be); that a majority of the shares present have been cast in favor of the ratification of Auditor X, to serve until date Y”...and then to report, proposal by proposal, on the outcomes, citing the standards for approval that apply. The Inspector (and smart Chairmen too) should not try to “characterize” the results - by saying, for example, that proposals have “passed” (it is up to the board to “pass” proposals) - or “were defeated” (they are just ‘proposals’ - not declarations of war.)
- **It is the Chairman’s job, however, to declare that the directors have been “duly elected” and to declare whether the other proposals have been ‘ratified,’ ‘approved’ or ‘not approved’ by the shareholders, based on the Inspector’s report...**and then to announce that the formal business portion of the meeting has been concluded.
- **What if one or more of the outcomes are “too close to call”?** We hate this expression - and say, “avoid it at all costs” - but if any of the outcomes are within one-half of one percentage point either way -or have changed direction overnight - our advice is to report on the outcomes that are crystal clear, but to indicate that *“because there were so many votes cast overnight - and/or at the meeting - the Inspector(s) of Election need to conduct a review of the voting with respect to items 3 and 4 (or re: X) and that a Final Report will be issued and posted on the company website within the next 2-3 days.”*
- **What about reporting percentages?** We do not consider it a “best practice” to report percentages. It is not a required procedure - and every year, we see many companies that calculate and report them incorrectly. **If you feel you should report percentages, be sure to re-read our primer on tabulating results with care - and make absolutely sure that you have used the right denominator in making each of your calculations.**
- **What about sharing voting information with shareholder proponents, other shareholders and/or the press at the meeting site?** Shareholder proponents, or their designated representatives, almost always ask to look at the Preliminary or Final Report, and there is no real point in denying them a look-see. **The Corporate Governance Officer or the meeting Secretary should give permission before any results, other than what has been read out at the meeting - are shared with any of the above parties. Also, the parties should be advised that the report should not be considered as Final until the 8-k is filed and posted on the company web-site.**

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ON THE SUPPLIER SCENE:

A new “Powerhouse of Power” emerges on the governance scene, we say, as **Sard Verbinen & Co.**, a leading strategic, financial, and crisis communications consultancy, announced in late November that it will launch **Strategic Governance Advisors (“SGA”) in January 2017**: “a new independent group dedicated to advising Boards of Directors and corporate leaders on a range of governance issues important to institutional investors” the press release noted. Along with SVC, SGA’s founding partners are: **Chris Cernich**, formerly Managing Director for M&A and Contested Situations at ISS, the world’s largest proxy advisor to shareholders; **Mark Harnett**, a co-founder and President of **MacKenzie Partners** until he left for Sard Verbinen in 2015, and **Amy Bilbija**, formerly a Managing Director in **Evercore’s** corporate advisory business, and before that an EVP for west coast operations at MacKenzie Partners.

The veritable powerhouse of expertise drew a half-page article from the *New York Times DealBook* editor **Stephen Davidoff Solomon**, who noted in the headline that “**Engagement Has Become New Strategy for Shareholder Activism.**” Among the big new shifts in the landscape, Cernich noted that big fund managers like **BlackRock** argue that shareholders should become more prominent and have an active role in shaping companies directly... and that shareholders will no longer be so tolerant of enormous pay packages for corporate chiefs. Corporate governance “is expanding, not evolving” Cernich noted. “Increasingly, shareholder activism is about the health of the balance sheet and income statement.” (We want to note that the *OPTIMIZER* predicted this trend way back in our 2nd Quarter 2011 issue, “What’s the Next Big Thing in Corporate Governance? Holding Directors’ Feet to the Fire Over their Stewardship of the Corporate Cash Box.” This is still worth a re-read, we say, at <http://www.optimizeronline.com/search/article/101649/what-s-the-next-big-thing-on-the-corporate-governance-front>)

We were mightily impressed with the press release, which noted that Cernich, “As Managing Director at Institutional Shareholder Services (ISS)...led an international team providing analysis of and voting recommendations on mergers & acquisitions, economic proposals, and fights for corporate control, for 1,400 institutional shareholder clients representing more than \$20 trillion in AUM [and]covered more than 250 proxy contests for board seats, as well as numerous hostile takeover attempts and contested or contentious mergers.” Harnett and Bilbija have extensive, hands-on experience, advising boards and top managers on how best to deal with hundreds of these very same deals...

And as to Sard Verbinen...the release notes that “For nearly 25 years, SVC has consistently ranked among the top M&A communications advisory firms...named “PR Firm of the Year” in 2014 and 2015 by **M&A Advisor** and, for the 1st half of 2016 [was] named the #1 M&A advisory firm by volume (**Mergermarket**) and #1 for private equity transactions (The Deal)” and was recently “Recognized by **Bloomberg BusinessWeek** as “Wall Street’s go to crisis firm.”

MEANWHILE, ALL OF THE BIG-FOUR ACCOUNTING FIRMS HAVE BEEN RAMPING UP THEIR CORPORATE GOVERNANCE OFFERINGS AT A MIND-BOGGLING RATE: Nary a week goes by that we don’t get a dozen or more studies, discussion papers, web-postings, tweets and invitations to webinars, seminars and other social events pushed to us by the Big-four firms, anxious to jump on the governance bandwagon and take us along for the ride. And most, if not all of them seem to be trying to invade a lot of space that a company’s outside law firms had staked out as their own turf.

BUT OOPS...DEFICIENT AUDITS CONTINUE TO DECLINE AT THE BIG FOUR AUDIT FIRMS” - OR SO A WALL STREET JOURNAL TALLY NOTED ON 12/13 - BUT WHERE “INSPECTORS FROM THE PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD FOUND DEFICIENCIES IN 28% OF THE BIG FOUR AUDITS THEY EXAMINED” - down from 35% in 2015 and 39% in 2014. Still an astonishingly large percentage in our book, and hardly a call for cheering. In prior years, Peekaboo apologists have explained that they intentionally choose larger and more complex audits to “peek at” with special care - which is exactly what they should do. But actually, that underscores the size and severity of 28% deficient audits by Big Four firms. Maybe the big-four should spend more time on their traditional business, and less on turf expansion - at least until they get deficient audits down to single-digit numbers per year...

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OUT OF OUR INBOX

NO Q&A AT SHAREHOLDER MEETINGS?

In early November, your editor got an e-mail from a prominent securities lawyer asking, in response to a client inquiry we presume, “Are you aware of any major large-cap companies that prohibit Q&A during annual meetings?” Here’s our answer:

“Shareholders have an absolute right to be heard at ‘meetings of shareholders’ I say. It’s part of what shareholder meetings are FOR. So a company of any size would be nuts to try to prohibit shareholder questions - or comments, for that matter. Large cap companies would surely raise a *firestorm* of protests - and not just from activists.

“That said, there HAS been an emerging mini-trend to try to prohibit shareholder questions until after the “formal business of the meeting” is over. I consider this a disgraceful practice, since, again, shareholders have an absolute right, I say, to ask questions - and to have them answered - IF they are germane to the official business at hand, that is. And this opportunity should be offered BEFORE the voting takes place. Companies that try to defer all Qs until after the voting takes place do so at the peril of being publicly and rightly shamed...And if there is a contested election item (and I have been at contested meetings where the subject of prohibiting, or severely limiting questions came up, and where the management was almost set on a prohibition) I think (as I told them) that shareholders would have good grounds to have the vote invalidated if their rights to be heard were abridged.”

But general questions are another matter altogether: Here, the best practice is for the Chair to defer all such questions until the official business of the meeting has been concluded. Most companies have been trying to limit the general Q&A period - and the length of time each holder or group of holders may speak on a given topic - in deference to the audience as a whole, which most shareholders appreciate. We also loved **Verizon’s** innovative idea to have designated areas where shareholder could go to have specific kinds of question answered since, in our long experience, very few of the “general questions” asked at shareholder meetings are of interest to the general audience.

SECRET BALLOTS AT BOARD MEETINGS?

The 3rd Quarter issue of **Directors & Boards** magazine opened, as usual, with an interesting and thought provoking Letter From The Chairman, **Robert H. Rock:**

“At a recent board meeting my fellow directors voted unanimously to approve management’s recommendation to make a major investment in a new market. During the presentation, the directors asked many probing questions, suggesting significant concerns. After a robust discussion, a motion was put forward and seconded, and the ayes appeared unanimous and no nays were noted. However, in the executive session that followed the formal board meeting, several directors voiced their objections, and one indicated her outright dissent.” Rock went on to opine that while he’s never seen one at any of the boards on which he’s served, “there may be times when a board should undertake a secret ballot.”

We think he’s on to something important here. There is always a strong desire for collegiality on boards - but there is also a strong desire to have closure - and to *get things done*. But often, as we’ve noted here before, re: the terrible track record that corporate mergers and acquisitions have had overall, once corporate decisions are made, they become very hard and expensive to un-do. Not only is secret ballot a quick and easy thing to do - to guard against excessive deference to the “collegiality imperative” - and to potentially fatal “group think” - it might re-open the discussion, and maybe a call for additional info before a final vote...And certainly, we say, no harm can come of it. We’d love to hear from readers about this about their thoughts - and experiences, if any....

THREE CHEERS FOR THE T-A (and maybe for the subject company too) THAT READ OUR RANT ON “ORPHANED DRPs” AND RESPONDED FORTHWITH... The ink was barely dry on our last issue when we got a note - and a check - from “transfer agent X” about “company Y” where we were getting statements every quarter on our “investment” of .002 shares: “As Administrator of [Y’s] Direct Stock Purchase and Dividend Reinvestment Program, we periodically review the status of participant accounts to determine if they are eligible for the Program. This review helps ensure that the Program terms are complied with as well as helps [agent X] and [company Y] manage the cost of offering the Program [and] indicates that your Y share balance is below the one share minimum required for the Program. Accordingly, as provided under the Program’s terms we have redeemed this fractional share and closed your account. THE NORMAL \$15 SALE FEE WAS WAIVED FOR THE PURPOSE OF THIS TRANSACTION.” One down and about four other “orphaned DRPs” to go...but so far, no further news...We will keep you posted...

AN IMPORTANT “SECOND THOUGHT” ABOUT TOO-SMALL ORPHANED ACCOUNTS - AND THE DIFFICULTIES - AND SOMETIMES PROHIBITIVELY HIGH COSTS OF OBTAINING MEDALLION GUARANTEES:

Three boos for us, for forgetting to advise in our last issue that one very easy way around the high cost and inconvenience of having to replace lost securities in order to cash out a tiny investment - and something that can also solve the problem of the high cost of obtaining signature guarantees to liquidate investments with low value - is for the company to simply self-insure - by instructing the transfer agent to waive the bond of indemnity and/or the signature guarantee for items with truly negligible value. Some transfer agents will do this entirely on their own hook, when the cost of processing the paperwork is many times the value of the “orphaned investment.”

Cleaning up and eliminating all one's very small and mostly “orphaned accounts” is, we think, our biggest and best moneysaving tip of the year!

PEOPLE

Preet Bharara, the hard-charging U.S. Attorney for Manhattan has “agreed to stay” in his current role under the Trump administration, “a move that could signal Donald Trump is serious about cracking down on Wall Street wrongdoing” - or so said a 12/1 WSJ column. After a meeting with Trump, Bharara “told reporters that Mr. Trump asked whether he was prepared to remain...and Mr. Bharara said he was.” Let's hope this all pans out as the WSJ indicated.

Jamie Dimon, JPMorgan Chase Chair & CEO, has been named Chair of The Business Roundtable for a 2-year term beginning January 1st, succeeding **Doug Oberhelman**, Chair & CEO of **Caterpillar**. Dimon was one of the prime movers behind the recently published Commonsense Principles of Corporate Governance that aim to promote long-term-oriented governance, and in December he was among the approximately 15 CEOs and other business leaders appointed to the President-Elect's new Strategic & Policy Forum.

James Kristie, the distinguished editor and associate publisher of **Directors & Boards** magazine is retiring after more than three decades running the publication. Kristie is likely the longest-tenured magazine editor currently in the publishing industry, beginning his 36th year as editor of **Directors & Boards** in September - and he is, without a doubt, one of the best-connected and most widely regarded people in the corporate world, and in the corporate governance space. “I just put out a 40th anniversary issue of **Directors & Boards**, and I originally thought I would retire with this issue — the old ‘going out on top...knowing when to quit’ trick...But management asked me to stay on to put out the first issue of 2017 so it looks like my last day will be Feb. 3 when that issue gets shipped to press” he posted on **LinkedIn**. Jim is an advisory board member of the **Weinberg Center for Corporate Governance** at the **University of Delaware** and the **Center for Corporate Governance** at the LeBow School of Business at **Drexel University** - so we are hoping that he will remain an active observer and commenter on governance matters.

REGULATORY NOTES ...AND COMMENTS

ON THE HILL: The new Republican-dominated House and Senate are targeting major regulatory roll-backs if not outright repeal of the Affordable Health Care Act, Dodd-Frank and the SEC's not yet effective “fiduciary standard” for providers of retirement plan services as among their top priorities - even as some calmer heads are saying, “Hey...how can we drop 19+ million people from the health-care roster, just like that?”... And many of Trump's newly anointed top-advisors are saying, “Hey...some of those Dodd-Frank provisions are good ones”... “And hey...”

we have spent tons of money to implement the fiduciary standard, which has many good points!” Meanwhile, the vast majority of Trump's Cabinet picks seem convinced that their new agencies are utterly useless, and maybe should be abolished altogether, while the Dems are promising to engage in some “extreme vetting” exercises of their own.

On a more positive note, however, it seems almost certain that somewhere between 2.4 and 3 trillion dollars of corporate profits that are now held overseas will be repatriated - which

we - and the stock market too, as we write this - believe will trigger much needed, and job-creating investments to rebuild plants, equipment and infrastructure here in the USA - and a major economic expansion. So let's hoist a glass to 2017 - and hope and pray for the best.

AT THE SEC:

"The poor staffers must be hunkered down in their bunkers," we wrote in late December, "waiting to see what former-commissioner **Paul Atkins** (an avowed despiser of regulations) and, God bless, **Carl Icahn** have up their sleeves where the SEC is concerned, going forward." Chairman **Mary Jo White** was set to depart by January 20 - and may have already 'left the building' mentally, as her chief enforcement officer, **Andrew Ceresney** was already gone - as was former Corp-Fin Director **Keith Higgins**, who'd been spearheading the SEC's "Disclosure Effectiveness Initiative" - a wobbly, slow moving, dull-edged and totally ineffective spearhead if ever there was one - but, reportedly a very nice guy. We really liked Mary Jo a lot - and Cheresny too - although we thought the "broken windows strategy" was mostly a waste of time and money. Mary Jo was the *first commissioner ever* to take the allegations about financial chicanery, fraudulent exchange rates, unwarranted fees, bribes - and money-laundering in the big ADR business seriously...and we are inclined to believe that the enforcement efforts that finally began, on her watch, will prove to be unstoppable.

"Why don't we just declare a regulatory holiday, like the old congress did, and hit the beach?" we wrote...**But then, Trump jumped out early to name a new SEC Chairman, almost out of the blue; Wall Street lawyer Jay Clayton, a partner with Sullivan & Cromwell LLP. "It's hard to see how an attorney who's spent his career helping Wall Street beat**

the rap will keep President-elect Trump's promise to stop big banks and hedge funds from 'getting away with murder'" said U.S. Senate Banking Committee Ranking Member **Sherrod Brown** (Dem)...But from our perspective, what's not to like here? Despite the ironic humor of former Wall Street basher Trump making yet another high ranking pick with deep ties to **Goldman Sachs** (Clayton represented them in the \$5 billion investment that **Berkshire Hathaway** made during the financial crisis - and his wife works for Goldie in the wealth management group) - and while we hate to agree with much of anything Trump says, until he un-says it later - one can't disagree with his statement that *"Jay Clayton is a highly talented expert on many aspects of financial and regulatory law, and he will ensure our financial institutions can thrive and create jobs while playing by the rules at the same time."*

IN THE COURTHOUSE: A huge decision from the Supreme Court, which ruled unanimously that prosecutors do not have to prove that something of value changed hands in order to win an insider trading case - at least where relatives are concerned. Although the WSJ quoted US Attorney General **Preet Bharara** as saying that "The court stood up for common sense and affirmed what we have been arguing from the outset - that the law absolutely prohibits insiders from *advantaging their friends and relatives* at the expense of the trading public" (italics ours) - oh shoot... **Justice Alito** specifically referred to a "gift to a trading relative" - and not to a "friend" - much less a "friend-of-a-friend" - in overruling the 2014 federal case that insisted there needed to be a "pecuniary benefit" received by the tipper in order to perfect an insider trading case. So maybe not so huge a decision after all.

WATCHING THE WEB

What a way to end a year at Yahoo, which in mid-December announced that a law enforcement agency informed them that over one billion (!!!) user names, telephone numbers, dates of birth, encrypted passwords and unencrypted security questions - that could be used by the hackers to re-set user passwords - had been hacked by persons unknown...way back in 2013. This on top of an October announcement that 500 million accounts had been hacked in 2014...after 450,000 accounts were hacked in 2012. "Security has taken a backseat at Yahoo in recent years, compared to competitors like Google and Facebook" the New York Times understatedly observed in its front page story - and "Yahoo's security team clashed with top executives, including the chief executive, Marissa Mayer, over the cost and inconvenience of proposed security measures." What a knock on her business judgment - and what a financial blow - if not a deathblow this may prove to be - to the pending sale of Yahoo to Verizon, Inc.

And what a reminder to all of us this should be - to be sure we work only over secure networks - and change our passwords frequently (Ugh!) - and not use our mother's maiden name, or our father's middle name, or the name of our high-school as our "challenge questions" - and to scrutinize the source of every incoming e-mail with care, before opening it - and to tape over our computer cameras - and to try to foster a "culture of security" in our offices - and in our homes, where, as mentioned a few issues back, our kids and grand-kids are MAJOR openers of doorways to hackers, cyber-worms and other forms of malware when they log on to our household networks. We wish you all a happy and hack-free New Year!

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For starters, please note that there are four basic parts to having an effective compliance program: Search, Reporting, Escheatment and "Cleanup" or "Asset Reunification Services" – many of which are governed by complex federal and state regulations and where truly effective programs are intertwined to some degree.

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Of all the money spent by public companies on the care and feeding of shareholders, the Annual Meeting consumes by far the lion's share. Just about every supplier represented in this issue is involved in some way – whether it's your printer, mailer, transfer agent, plan agent, data-handler, tabulator, proxy solicitor, strategic advisor or inspector of election. And, please note, this area represents not only your biggest spending area, but your biggest opportunity to save money by rethinking and revamping your usual drill, in order to "optimize" your spending....

If we were to offer only one tip here, it would be to think about your next shareholder meeting using the zero-based-budget approach – looking to truly "optimize" each item in your budget. Set aside your

old playbook – the one you have been routinely marking up year after year – and look at every single element of your shareholder meeting from a fresh and more modern and more "shareholder-friendly" perspective...guided by a very clear understanding of what, exactly, you want to accomplish with your meeting

If we might offer a second tip, it is to look at our website where we have articles about virtually everything one needs to know about planning and conducting an annual or special shareholder meeting....Rules of Conduct, Security, Site-Selection, Dealing with Gadflies, Tabulating, Inspecting and Reporting on Results, "Virtual Meetings"...and, though we hope you will never need it...our Primer on Proxy Fights.



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Corporate governance best practices ensure a structure that benefits the shareholders, the directors, management, employees, and customers by ensuring that the organization follows the highest ethical standards as well as formal laws and regulations. These practices involve operational and legal procedures that address issues including the composition of the board, auditing guidelines, risk mitigation, as well as director and management code of conduct.

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Donnelley Financial Solutions can help streamline your annual meeting and proxy events from our broker search capabilities, real-time online vote results, final tabulation and inspector-of-election services through 8-K filing of tabulation results. We can also manage and centralize communications for all parties, and fulfill and distribute proxy materials.



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Smart companies also monitor the performance of their most important suppliers, and periodically comparison-shop for the best services and price-to-value levels they can find. Most corporate people don't have the expertise – or the time to do it

these days – hence the need for benchmarking services and for expert service providers who can manage them.!

Our advice: Go out with RFPs on a regular basis for any product or service where you spend a six-figure number or more. Unless you have the subject-matter expertise that is needed to do this right – and the considerable time it takes to manage the RFP process in a rigorous manner – get professionals who do! They will pay for themselves tens, and sometimes hundreds of times over!

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A Board evaluation is a tool that allows directors to be compliant with listing standards, demonstrate leadership to company stakeholders, and affirm its effectiveness. Choosing the right approach for your board is critical to an effective review. At GSG, we use a unique process that allows directors to develop an assessment focus that fits their board and fosters accountability. Call Denise Kuprionis at The Governance Solutions Group and use her 20 years of C-suite and in-boardroom experience to give your board a credibility advantage.

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Jane F. Ludlow, MBA, CPA provides customized consulting services to corporations in the areas of corporate policy development and implementation, improving the effectiveness of business ethics and compliance programs, board processes and overall corporate governance matters. Among her projects; developing a Conflicts of Interest Compliance Program, including corporate policies and an Internet-based training program for an international pharmaceutical company, developing concise corporate policies for a large publicly-held insurance company and a redesign of all Board and Committee processes for a university alumni association. Earlier, Ms. Ludlow was Executive Director - Corporate Governance of Bell Atlantic Corporation where she was responsible for development and communication of key corporate policies throughout the corporation, and where she managed governance activities related to Bell Atlantic's merger with NYNEX. She has extensive experience in managing board processes, agenda planning, meeting content and logistics and board compensation, and for planning and managing shareholders' meetings.

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If your data's in one format and you need it in another we'll build a quick bridge to get you from A to B. Data conversion has always been one of our specialties. We've had hands-on experience with files from every major shareholder record-keeping system in the U.S., and many smaller ones as well. Tell us what you've got, explain where you need to be, and we'll let you know quickly whether we can devise a way to get you there. The route we take might be purely programmatic, or it might include classic, heads-down data entry - a handy and versatile capability that we've preserved carefully for special occasions.



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DIVIDEND REINVESTMENT & DIRECT STOCK PURCHASE PLANS

Long-term readers know that we consider these plans to be among the best and most effective tools a public company has at its disposal to strengthen its base of loyal and mostly pro-company long-term shareholders. And, please note, you don't even have to be a dividend payer for these plans to create value for you, although it helps. We have lots of articles about this on our website - and even more that we're always delighted to send if asked.

Our best advice, in a nutshell, is this: Be sure you understand your company's own natural 'affinity groups' - and that you are both realistic and very specific about the goals you would like to achieve - before you launch and 'price' your plan. Don't

simply copy the latest plan...and don't be railroaded by a plan provider whose goals are often quite different, and sometimes even incompatible with your own. Measure and monitor plan activities regularly - to see if you are achieving your goals, and getting good value for the money spent. If not, revise and re-market your plan until you DO achieve its full potential to create value for your company. (Look under Stock Transfer Agents to find the leading providers.)

Currently, we have no recommended suppliers, but please feel free to contact the editors if you would like additional background information and a few names to investigate.

DIRECTOR EDUCATION



DENISE KUPRIONIS
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GSG: THE GOVERNANCE SOLUTIONS GROUP

No matter how experienced your directors are, in order to fulfill the board's fiduciary obligations, it should have a director education plan in place. GSG can design a continuing education program for your Board that ensures directors stay on top of their game. Education plans include regular updates from in-house executives; periodic in-board room discussions, facilitated by experts, around topics that include current marketplace activity, future trends, regulatory changes and governance updates; and periodic attendance at independent board seminars. Call Denise Kuprionis at The Governance Solutions Group and use her 20 years of C-suite and in-boardroom experience to give your board a credibility advantage.

DOCUMENT DESIGN, COMPOSITION & WEB-OPTIMIZATION SERVICES

Whether one is drafting Annual Meeting materials - or, even more critically - gearing up for a merger, acquisition, tender offer, small-shareholder buyback program or some other kind of "reorg job" - the content, design and overall understandability of the documents you deliver to shareholders is a truly critical element.

Easily understandable documents - and especially the forms a shareholder needs to fill out and return - will make the job go quickly and smoothly. Badly designed forms lead to added follow-up actions and rework... errors... and agitated phone calls from the 'confused':

Transactions that involve employee-plan holders tend to be particularly tricky - since often, multiple plan agents or trustees will be involved... Being able to consolidate the holdings of multiple plans - and including the registered shareholder positions as well - can lead to big savings in paper, postage and processing costs... if handled correctly... but can lead to processing snarls, ringing phones, and angry holders if the document design and delivery process has not been meticulously thought-through - and meticulously processed.



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Let Donnelley Financial Solutions transform your proxy from a traditional, SEC compliance document into a more visually inviting, compelling communications showpiece that effectively tells your story to your investors. We work with you to identify a style and format that matches your company's unique corporate culture and proxy-related objectives.

Financial writers and editors expertly craft narrative from scratch or work with you to edit your existing prose, enhancing readability and satisfying compliance obligations. Ensure the proxy statement clearly communicates your unique corporate culture, objectives, and goals to the investment community.

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We're a valuable resource to have in your corner. As independent tabulators we've been part of the shareholder services community for close to 40 years. Our principal focus is on employee plans, not only on regular pass-through voting but on the processes associated with non-routine situations such as proxy contests, tender offers and other corporate actions. You'll find that we have a blue-chip reputation, that we're flexible and responsive, and that our practices are set to the highest standards.

We work hand in glove with plan trustees, administrators, record keepers, transfer agents and proxy solicitors. We've been through the mill. We understand the detail of the process and we're quick off the mark. We help in planning. Our procedures have withstood challenges over time and meet the highest standards of corporate governance. Ours is a flexible, tailored to your situation service that includes whatever you need in document development and printing and mailing, also a state of the art system for Internet and telephone collection of voting instructions, together with online, real-time tabulations and reports.



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Whenever your editor speaks on shareholder services at an industry conference he asks for a show of hands from people who are "completely satisfied" with their employee-plan service providers. Hardly a hand is raised!

We are amazed at how little attention is paid to such an important audience. Many of the tools we see our corporate friends and colleagues using are badly in need of checking...if not an outright chucking! We will be publishing more on this too in future issues. Meanwhile, here are two top suppliers that "get it"...



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ETHICS CONSULTING

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CUSTOMIZED COMPLIANCE AND GOVERNANCE CONSULTING

Jane F. Ludlow, MBA, CPA provides customized consulting services to corporations in the areas of corporate policy development and implementation, improving the effectiveness of business ethics and compliance programs, board processes and overall corporate governance matters. Among her projects; developing a Conflicts of Interest

Compliance Program, including corporate policies and an Internet-based training program for an international pharmaceutical company, developing concise corporate policies for a large publicly-held insurance company and a redesign of all Board and Committee processes for a university alumni association. Earlier, Ms. Ludlow was Executive Director - Corporate Governance of Bell Atlantic Corporation where she was responsible for development and communication of key corporate policies throughout the corporation, and where she managed governance activities related to Bell Atlantic's merger with NYNEX. She has extensive experience in managing board processes, agenda planning, meeting content and logistics and board compensation, and for planning and managing shareholders' meetings.

ENTITY MANAGEMENT SYSTEMS

Every public company has some sort of subsidiary or entity "management system" - even if it's like one of those marked-up, paperbound notebooks - or maybe a box of file-folders - that many colleagues have sheepishly admitted to using as their only system. Despite the fact that new subsidiaries are being formed every day - and on an increasingly "global"

basis - the once robust supplier marketplace seems to be somewhat in disarray, as providers seem to be shifting their focus to newer and higher-margin products.

Currently, we have no recommended suppliers, but please feel free to contact the editors if you would like additional background information and a few names to investigate.

FINANCIAL PRINTING

Since we did our first review of products, services and service-providers in 2007 the universe of financial printers has shrunk to a mere shadow of its former size and strength, due primarily to the growing use of Notice and Access.

Over the past two years, however, we are glad to note a growing realization at many companies that they cut the quality - and also in some cases the quantity of their printed matter - much to their disadvantage: Well-designed printed matter makes an immediate impact on recipients. If it is "inviting" it will prompt recipients to skim, and ideally to read deeper. The growing length, complexity - and often the critical importance of corporate governance matters has also focused attention on better ways to get readers' attention, win their support - and get their votes. Most important to note, we think, good printed materials also send a strong message about the strength of company itself - and the value it places on its shareholders, and on communicating with them.

Here are our top-tips on selecting financial printers:

1. Relationships are important in this business: Having good relationships with knowledgeable people at your financial printer will pay big dividends for you, and make life a lot easier. Also, changing printers is a challenging and potentially disruptive experience, that involves a fair degree of risk.
2. That said, there's no good reason not to benchmark the market-price of printing on a fairly regular basis, and - more important these days - to review the kinds of services that good printers can bring to the table that will improve the impact of the printed page. It's not that hard to do, and if you already have good suppliers, more often than not, you'll stay with them...and be a lot more comfortable for having done your homework. Best of all, your printers will likely respect you a lot more in the morning, and pay more attention to you thereafter.
3. Be especially watchful if you let other suppliers - like a transfer agent, reorg agent, solicitor or mailing house buy printing for you: They are entitled to a reasonable markup - if they've done all the legwork, provided storage and/or logistical support - but many times we've found these largely hidden surcharges to be way out of line with the value added.
4. Pull a D&B report on any new printer you might consider using: Most printers these days barely scrape by, on miniscule margins. Many of them have no printing plant at all, but simply 'job-out' the work to others. NOT a good recipe for a long-term relationship.
5. Check the client references at potential new suppliers with care: Sad to say, we've heard about a lot of big claims for cutting-edge products and services that were followed by big failures to deliver as promised. Not a good career-builder, for sure.

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FINANCIAL PRINTING

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Large volumes, last-minute edits, and mandatory mail dates can make it challenging to get critical communications into the hands of investors on budget, on time, year after year. Now you can streamline this process and ensure a smooth transition from printing to distribution. Let the one firm you trust to process your investor communications handle the print production as well. With a single-source, full-service solution, you can eliminate costly shipping charges, expedite processing and ensure you print only the quantity required—to exact specifications.

And with our Enhanced Packaging options, you can increase engagement from the moment your proxy mailing hits a shareholder's mailbox.

Clear back polywrap packaging. Make an impression with a personalized, full-color, full-page insert that shows through even before an envelope is opened. Encourage voting, target messaging, promote your brand, and turn retail shareholders into your best brand ambassadors.

Windowed notice envelopes. If you're a Notice & Access adopter, you can also achieve more with every mailing. Colorful, double-sided inserts can be customized to your needs. Whatever your goal, you can help ensure that your message is read.

Interactive print. Interactive print takes your shareholder beyond the printed page to an engaging, digital experience. With traditional QR codes or with the no-cost Layar application that triggers an augmented reality experience, drive traffic to your website, social media asset, video or landing page. Enable your CEO to speak directly with each retail shareholder. Or, bring them directly to a page where they can vote online.



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Our EDGAR filing experts are unmatched in their regulatory knowledge and sustained record of filing accuracy. In fact, Donnelley Financial Solutions handles more than 160,000 EDGAR filings each year—more than any other filing agent.

Leverage our global network of manufacturing locations, including digital presses for quick-turn projects, premium color services, state-of-the art technology, and expansive logistics services. We own our facilities, and our service team ensures your documents are produced accurately and delivered on-time.



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INSPECTORS OF ELECTION

Please refer to the many articles on this subject that can be found on our website, such as "Questions and Answers about Inspectors of Election"... "What, Exactly Should Inspectors Be Inspecting?" - and "Who Counted Those Votes, Madam Chairman" - and to review the bios of our Inspector of Elections team.



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If you think you may have matters on your ballot that could be "close" or contentious - or if investors are voting on one or more "material items" like a merger, recapitalization or a bylaw change that requires shareholder approval... if you want to be sure that any firm or individual inspector that you and your board appoint has rigorous procedures in place, and actually follows them - and that the inspector(s) can stand up and be effectively counted themselves if challenged - or if you simply want to follow "best practices" when it comes to 'inspecting the election' and certifying the final results...think hard, about having one or more expert and truly independent Inspectors become a part of your official process.

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INVESTOR IDENTIFICATION PROGRAMS & SERVICES



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Market Surveillance by Alliance Advisors provides corporations with a clear grasp of the capital markets, in-depth knowledge of the investment community and enhances their overall investor relations efforts. This program provides our clients with a thorough understanding of who owns their stock and the institutional investors that are buying and selling on a real-time basis. Our Senior Analysts possess the knowledge and resources to uncover major position changes by utilizing our comprehensive database of institutional and custodian data, investor profiles and proxy process methodology.

Alliance Advisors also offers an Activist Watch program which focuses specifically on identifying the buying and selling and "creeping accumulations" by activist investors and hedge funds that practice shareholder activism. We also provide our clients with pertinent background information on activist investors including dossiers, their history, playbook and track record.



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AST Ownership Intelligence provides clients with complete investor relations services that include equity and debt ownership, capital markets consulting, regulatory and tax compliance and a multi-purpose shareholder contact management platform for public companies in North America.



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Morrow Sodali's extensive experience, strong knowledge of the investment community and ability to provide timely and accurate market intelligence coupled with long-standing relationships with leading institutional investors, banks, and brokerage firms allow us to identify ownership characteristics of major institutional investors, non-filing hedge funds and other entities. We analyze and provide comprehensive assessments of a client's entire ownership base – including institutions and the influence of proxy advisory firms, individuals, employees and non-U.S. investors.



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Okapi Partners LLC is a strategic proxy solicitation and investor response firm providing a full range of solicitation and information agent services. Okapi Partners represents clients including activist investors, corporations and mutual funds and provides expert consultation and advice as well as superior service, top intellectual capital, established industry relationships and outstanding execution capabilities.

Headquartered in New York City, the experience of our senior management team working with clients on both sides of mergers, proxy fights, hostile tenders and rights offerings gives us unrivaled insight into how investors respond to formulate a successful campaign.

MEMBERSHIP ORGANIZATIONS

Industry-oriented Membership Organizations are, without a doubt, the most powerful tools a corporate citizen has at his or her disposal when it comes to finding a key fact, solving a pressing problem, looking to network with and gain best-practice tips from peers, or seeking out strong and reliable service-providers.

Most public companies we know would get their membership money back the first time they get a question answered, vs. the cost of calling outside counsel for the answer, or for a few leads on where to go.



WWW.NIRI.ORG

NIRI is dedicated to advancing the practice of investor relations and the professional competency and stature of its members. Founded in 1969, NIRI is the professional association of corporate officers and investor relations consultants responsible for communication among corporate management, shareholders, securities analysts and other financial community constituents. The largest professional investor relations association in the world, NIRI's more than 3,300 members represent over 1,600 publicly held companies and \$9 trillion in stock market capitalization.



GOVERNANCEPROFESSIONALS.ORG

Founded in 1946, the Society for Corporate Governance, Inc. (the "Society") is a non-profit organization (Section 501(c)(6)) comprised principally of corporate secretaries and business executives in governance, ethics and compliance functions at public, private and not-for-profit organizations. Members are responsible for supporting their board of directors and executive management in matters such as board practices, compliance, regulation and legal matters, shareholder relations and subsidiary management.

The Society seeks to be a positive force for responsible corporate governance, providing news, research and "best practice" advice and providing professional development and education through seminars and conferences. The Society is administered by a national staff located in New York City, by members who serve on board and standing committees and through the member activities of 21 local chapters.

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The SSA is a nationwide network of shareholder services industry professionals. Our diverse membership includes corporations of all sizes, transfer agents and a wide variety of specialized service providers.

Whether you are new to the industry, a seasoned professional or someone who has multiple responsibilities, the SSA offers education and networking opportunities to help you succeed.

Benefits Include:

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If you have suggestions or comments for the SSA, Abby Cowart, SSA Executive Director is always available to take your calls. Reach out to her at 1-888-574-3288 if you have an idea or topic you would like to discuss.

To join or learn more, visit www.shareholderservices.org or email at info@shareholderservices.org.

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The "notice and access system" has saved literally billions of dollars for public companies to date, by eliminating hundreds of thousands of tons of printed shareholder meeting materials and millions of dollars in postage each year....read more on our website.

Approved by the SEC in 2007 the amended proxy rules allow companies to provide proxy materials to most of its shareholders over the Internet. (Please note that some employee-plan trustees insist that some kinds of plan participants still need to receive paper documents, but most plans are OK with N&A.)

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Broadridge supports all proxy communications options, including Notice and Access. We will work with you to determine which distribution model offers the greatest combination of benefits for your particular situation. Many issuers will choose a hybrid approach, sending full packages to certain shareowners, while sending the Notice to others.

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- Windowed notice envelopes that can showcase colorful, double-sided inserts with messaging customized to your needs
- Annual Report and Proxy Statement conversions with enhanced interactive navigation for an improved user experience
- Customized shareowner landing page and portal
- Web hosting
- Inventory management, warehousing and fulfillment
- Online options to collect shareowners future delivery preferences; paper or electronic
- Voting through proxyvote@.com for beneficial, registered and employee shareowners
- Shareowner stratification analysis based on shares, geographic region and voting criteria
- Pre-record date shareowner mailing to identify paper or electronic delivery preference



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Computershare offers an integrated notice and access service that complies with SEC requirements and provides a significant opportunity to lower future printing and mailing costs. We provide expert guidance for planning your proxy delivery strategy, plus simple, clear and direct shareholder communications and online access to materials.



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OUTSIDE COUNSEL

Having the right legal firms on our team - firms that understand both our business and the way we do business - not only helps us sleep much better, it often creates significant competitive advantages...in terms of 'sealing more deals' and doing deals faster, and with less risk...and in doing damage control if things go off track - advantages that are very often overlooked or taken for granted. We ourselves are still using the same firm - and the same wonderful attorney that we used

when your editor-in-chief ran the old Manny Hanny T-A business back in the 1990s - and glad of it!

Currently, we are in the process of building-out our list of personally Pre-Vetted Attorneys - who have represented us, or with whom we have worked as an expert witness, or met, on one side or the other, in a proxy fight, and who impressed us with their skill. More names to come, but not too many, we promise...

KELLEY DRYE

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Kelley Drye & Warren LLP is an international law firm with more than 300 lawyers and professionals practicing in seven offices throughout the United States, Brussels, Belgium, and an affiliate office in Mumbai, India. We assist clients in accomplishing their business goals by providing practical legal advice and solutions in more than 30 areas of the law. We are proud of the long-term relationships established with clients. These are based on the principles of delivering efficient service, right-sized staffing, the use of state-of-the-art technology and acting as trusted partners of our clients.

Diversity and Inclusion are integrated into the core values of the firm as they drive our approach to recruitment, promotion and retention. We are deeply committed to making diversity a driving force for innovation which benefits the Firm and its clients making Kelley Drye a place where people of all backgrounds, races and cultures can work together and thrive.

Kelley Drye's National Corporate Practice Group understands the fundamental principles of helping clients facilitate complex transactions and protecting the value of our clients' deals. We focus on understanding clients' business goals and strategies while simultaneously navigating industry issues and regulatory challenges. Coupled with our strong legal acumen, we bring meaningful strength and a strong bench of seasoned corporate attorneys with significant experience in mergers & acquisitions, private equity & venture capital, emerging companies, capital markets & securities, finance & lending, corporate governance and investor relations, as well as other niche areas such as corporate trust, SBIA funds, and public-private partnerships.

JEREMY GOLDSTEIN

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Jeremy L. Goldstein & Associates LLC, is a boutique law firm dedicated to advising compensation committees, CEOs, management teams and corporations in executive compensation and corporate governance matters, particularly as such issues arise in the context of transformative corporate events and sensitive situations.

Prior to founding his own firm, Jeremy Goldstein was a partner at a large New York law firm and has been involved in many of the largest corporate transactions of the past decade. Mr. Goldstein is chair of the Mergers & Acquisition Subcommittee of the Executive Compensation Committee of the American Bar Association Business Section.

He writes and speaks frequently on corporate governance and executive compensation issues and is listed as a leading executive compensation lawyer in Chambers USA Guide to America's Leading Lawyers for Business and The Legal 500.

In addition, Mr. Goldstein is a member of the Professional Advisory Board of the NYU Journal of Law and Business and a member of the Board of Directors of Fountain House, a charity dedicated to the recovery of men and women with mental illness. Mr. Goldstein has a J.D. from New York University School of Law, an M.A. from the University of Chicago and a B.A. cum laude and with distinction in all subjects from Cornell University.



TOLLEFSEN BUSINESS LAW PC

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Stephen Tollefsen helps smaller reporting companies find affordable solutions in dealing with corporate governance, shareholder activist and proxy issues. A major emphasis of his practice has been enabling smaller reporting companies comply with the requirements of state and federal securities laws in a cost-effective manner. Mr. Tollefsen has successfully represented both shareholder activists seeking representation on the board

of directors, as well as issuers defending against insurgent attacks and hostile takeovers.

Mr. Tollefsen also serves the needs of start-up, developmental and emerging growth companies, and facilitates OTC shareholder liquidity for issuers which choose not to be listed on an exchange. Mr. Tollefsen is a member of the Small Business Issuer Subcommittee of the Federal Securities Committee of the American Bar Association, the ABA State Regulation of Securities Committee and the Business Law Section of the Washington State Bar Association. Mr. Tollefsen serves on the board of Aboki International, a charity helping distressed communities in rural Nigeria.



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PEOPLE

If there is one overarching theme that comes through in this special issue of the Optimizer we hope, it's how much the efficacy of our really important tools depend on the people who design, deliver and wield them on our behalf.

Here is our number-one tip where PEOPLE are concerned: As you read the many articles that have been authored by suppliers of services – here and on our website – read carefully between the lines: We believe you can get a very good sense, both of the “tone at the top”...and also of the level of service that will be delivered to you.

Currently, we have no recommended suppliers, other than our own company, where we are always happy to help readers fill a special position in their organization with exactly the right person, so please feel free to contact the editors if you have a special need - or if you would like the names of a few good executive search firms, and excellent “searchers” to investigate.

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Broadridge provides companies with the strategic approach they need to effectively reach both registered and beneficial shareowners. We uniquely have the capabilities to cover all of the details of your proxy distribution - from initial planning through proxy mailing to vote tabulation and reporting of your annual meeting -- while you focus on increasing investor confidence and reducing your bottom line.

Simplify your experience by letting Broadridge manage your proxy process. One point of contact advises you from start to finish.

Move your communications quickly and get them into the hands of shareowners efficiently and accurately. Our complete distribution/mailling services include duplicate proxy card detection, and high speed insertion technology.

Reduce processing and mailing expenses by combining ballots that are mailed to a common address into one envelope, or by merging several accounts onto one document to one address.

Save money with Broadridge's electronic delivery technology. Broadridge can gather and maintain your shareowner consents for both householding and electronic delivery.

As the largest processor of beneficial proxies for publicly traded companies in the U.S., Broadridge process over 2 billion in investor communications annually – more than 80% of all outstanding shares voted in the United States

For those issuers utilizing Broadridge for both the registered and the beneficial shareholders for their proxy mailings, we provide complete vote tabulation and reporting services. Using Broadridge as your tabulator will ensure that you have fully reconciled and audited vote reports delivered on time, on a daily basis, covering the registered, beneficial and employee shareholder segments.

ELLEN PHILIP
ASSOCIATES INC.

(212) 807-0477

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We're a valuable resource to have in your corner. As independent tabulators we've been part of the shareholder services community for close to 40 years. Our principal focus is on employee plans, not only on regular pass-through voting but on the processes associated with non-routine situations such as proxy contests, tender offers and other corporate actions. You'll find that we have a blue-chip reputation, that we're flexible and responsive, and that our practices are set to the highest standards.

We work hand in glove with plan trustees, administrators, record keepers, transfer agents and proxy solicitors.

We've been through the mill. We understand the detail of the process and we're quick off the mark. We help in planning. Our procedures have withstood challenges over time and meet the highest standards of corporate governance. Ours is a flexible, tailored to your situation service that includes whatever you need in document development and printing and mailing, also a state of the art system for Internet and telephone collection of voting instructions, together with online, real-time tabulations and reports.

PROXY SOLICITORS & ADVISORS

Not so many years ago we were almost ready to declare this a dying industry: The last thing that anyone wanted – whether they were a big institutional investor or a nice Mom or Pop, sitting down to dinner or the TV – was to have their proxy “solicited” by an old-time proxy chaser.

But oh how times have changed – with a huge upsurge in the successes of shareholder proposals and other sorts of ‘approaches’ from activist investors, ‘vote no’ campaigns and out and out proxy fights, which have been breaking previous records year after year. And oh how the smarter solicitors have changed their business models to suit the times.



ALLIANCEADVISORSLLC.COM

Alliance Advisors is a multi-faceted shareholder communications and governance advisory firm specializing in proxy solicitation, corporate governance consulting, proxy contests, market surveillance and proxy management. We are an independent, management-owned firm that provides our clientele with year-round consultation and analysis of institutional investors, the proxy advisory firms as well as the ever-changing governance and activist landscape.

Founded in 2005, Alliance has an extensive client roster of more than 400 corporate clients, which includes some of

the most prestigious names in American business. We distinguish our firm by having a staff of senior proxy executives, former professionals from ISS and a complementary suite of products and services.

Alliance has vast expertise in dealing with all proxy issues and corporate transactions including: executive compensation, contested elections, mergers, shareholder proposals and corporate governance. Our success is based on a combination of our dedicated professionals, sophisticated databases, unmatched service and the firm's collective commitment to flawless execution.

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PROXY SOLICITORS & ADVISORS

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D.F. King is a globally-recognized leader in proxy solicitation and corporate governance advisory services. The team provides a full range of service for annual, special and contested meetings, information agent services and strategic corporate governance advisory services.

With unparalleled experience in merger votes, proxy contests and tender/exchange offers for corporate control, the firm has advised corporations, shareholder groups, investment bankers and securities attorneys since 1942. Internationally and domestically, from cross-border acquisitions to bankruptcy reorganizations, D.F. King has played a role in many of the highest-profile corporate transformations of the past 70 years.

Georgeson

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GEORGESON PROXY SOLICITATION SERVICES**HELPING YOU ACHIEVE YOUR CORPORATE OBJECTIVES**

Georgeson provides strategic shareholder consulting services to corporations and shareholder groups working to influence corporate strategy. We offer advice and representation in mergers and acquisitions, proxy contests, capital raisings and other extraordinary transactions.

Whether you are considering a merger, takeover, corporate restructure, demutualisation, capital raising or other complex transaction, we will work in partnership with you and your advisory team to formulate and deliver measurable outcomes to help you achieve your corporate objectives.

Our services are tailored to meet your specific requirements and will enable you to:

- Make informed decisions on crucial corporate initiatives
- Directly communicate and engage with your shareholders
- Understand shareholder sentiment on key resolutions
- Facilitate good corporate governance

Thousands of governance professionals across the globe have turned to us for:

- Trusted solutions: With more than 75 years of industry experience, our trusted acumen has demonstrated ways that we help our clients consistently achieve their business objectives.
- Industry expertise: From our team leaders to senior management no other firm has the combined depth and breadth of the intricacies of the corporate governance landscape.
- Global view: With offices in most major financial regions across the globe, our team provides a global view of corporate governance issues that matter most to you.
- Being part of Computershare: Owned by the world's largest share registrar – Computershare; we are able to facilitate the seamless flow of data and obtain real-time confirmation of actual proxy forms received. We can greatly enhance your program and ensure the security of highly sensitive and confidential information such as registers or proxy voting lists. Using third parties can create additional and unnecessary risk.

MACKENZIE PARTNERS, INC.105 MADISON AVENUE
NEW YORK, NY 10016
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800-322-2885

MacKenzie Partners, Inc. is a full-service proxy solicitation, investor relations and corporate governance consulting firm specializing in mergers-and-acquisitions related transactions. MacKenzie's Proxy Solicitation and Mergers & Acquisitions Services Group provides advisory and execution services for annual and special meetings and in corporate control contests - such as unsolicited tender offers, proxy fights and consent contests.

Annual & Special Meetings - In our work with annual and special meeting proxy solicitation clients, MacKenzie Partners is often asked for an analysis and recommendation regarding the probability of passing specific proposals, and for the development of the most cost effective solicitation campaign that ensures a successful outcome.

Proxy Contests - Whether we advise a dissident shareholder or incumbent management, one of our key strategic roles is to frame the issues and shape the message to be delivered to a company's shareholders. The goal is to convince shareholders to vote their proxies in favor of our client and against the opponent.

We also provide advice regarding the timing of proxy material mailings, press releases and advertising to receive maximum impact, to respond to the opposition's' communications with counter-arguments, and to try to "get in the last word" before the annual meeting takes place.

MORROW SODALIGERARD MUCHA, COO
(203) 658 9400
WWW.MORROWSODALI.COM

The cornerstone of a successful solicitation is viewing it as a year-round commitment. The expert, dedicated teams at Morrow Sodali handle all aspects of your solicitation including an initial analysis of your shareholder profile, review and offer advice on your preliminary proxy statement to highlight potential issues from the proxy advisory firms ISS and Glass Lewis. Combining our global reach and years of experience, we furnish our clients with information on corporate governance, SEC and SRO rule changes, and emerging governance issues in real time.

OKAPI PARTNERS(212) 297-0723
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Okapi Partners LLC is a strategic proxy solicitation and investor response firm providing a full range of solicitation and information agent services. Okapi Partners represents clients including activist investors, corporations and mutual funds and provides expert consultation and advice as well as superior service, top intellectual capital, established industry relationships and outstanding execution capabilities.

Headquartered in New York City, the experience of our senior management team working with clients on both sides of mergers, proxy fights, hostile tenders and rights offerings gives us unrivaled insight into how investors respond to formulate a successful campaign.

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PROXY SOLICITORS & ADVISORS

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Always remember: "What works on Wall Street doesn't always work on Main Street". We are THE EXPERTS at what will work on Main Street.

TOLLEFSEN
BUSINESS LAW PC
(425) 353-8883
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Stephen Tollefsen helps smaller reporting companies find affordable solutions. Mr. Tollefsen provides advice and counsel in corporate governance matters, securities law compliance and proxy contests, enabling smaller reporting companies to comply with the requirements of federal securities laws in a cost-effective manner. Mr. Tollefsen has successfully represented both shareholder activists seeking representation on the board of directors, as well as issuers defending against insurgent attacks and hostile takeovers.



PUBLICATIONS & INSIGHT

If you are a public-company citizen in today's fast changing and often dangerous environment, you absolutely need to stay alert to breaking developments, to stay 'ahead of the curve' – and to get practical advice and practical solutions that will help you perform at your peak. Subscribing to the right publications is the best way to do it. **So here are our top-picks:**



Activist Insight

To request a trial or demonstration to all our products please contact us:

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Regularly quoted in the financial press, Activist Insight is the leading provider and trusted source for global data in this ever-evolving space.

Activist Insight offers four great online products:

Activist Insight Online (AIO) live database tracks investments, performance and news on over 1,300 activists globally. With a daily news and searchable archive of over 10,000 stories, this is the world's most comprehensive resource for activist intelligence.

Activist Insight Monthly (AiM) magazine brings you all the latest trends and opinions in activist investing, together with a round-up of all the key news and investments and topical weekly email.

Activist Insight Shorts profiles over 100 activist short-sellers, investors which publish research illustrating why they believe stocks are overvalued, ensuring you know who they are targeting and why.

Activist Insight Vulnerability (AiV) is a unique screening tool focusing on the vulnerability of over 6,000 US issuers' to an activist engagement based on their financial health, ownership data and voting records.

Activist Insight counts many of the world's leading investment banks, law firms, shareholder communications firms and institutional investors as its clients.



The SSA website – with its steady stream of webinars, regulatory alerts, tutorials and "ask the membership" features on a wide variety of highly practical "Practice Issues."

www.ShareholderServices.org



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The Society for Corporate Governance web-based "Alerts" – plus their many monographs, benchmarking studies and tutorials...PLUS the "Society Huddle" – which allows members to ask the membership about breaking and/or troublesome issues, engage in web-based discussions and, most important, to share solutions.

REGISTERED AGENTS

Every public company needs to have one of these as the "official recipient" of subpoenas and other legal notices, demands or documents...although recently, we were surprised to discover that many companies decide to be their own registered agent: Bad idea, we say, based on the high turnover we see in corporate head-offices these days – and on the number of items returned

to us by such offices when the intended recipient leaves or retires, rather than being passed on to a designated successor.

Currently, we have no recommended suppliers, but please feel free to contact the editors if you would like additional background information and a few names to investigate.

READ MORE AT WWW.OPTIMIZERONLINE.COM

REORG SERVICES

Here's what we wrote in our 2007 issue on "Essential Tools": "What a big boom there's been of late in 'corporate reorganizations' and in other deals that are known as 'reorg jobs'... like spin-offs, mergers and acquisitions, Dutch Auction Tenders and multi-billion dollar long-term stock- buyback programs."

And now – wow – reorg-jobs are approaching all-time-high levels. And many of the biggest deals of all are international or even multi-national ones, which greatly adds to the complexities – and to the risks.

Regular readers know we've been offering a lot of advice here too – which often produces amazingly large dollar savings. Here's our advice in a nutshell:

1. If you think you'll be spending a six-figure number, all-in, go out for competitive bids. Your transfer agent normally enjoys a natural advantage here, but the TA of a company you are acquiring is often as good an option – and sometimes better – And sometimes (see points 5, 6 & 7) the TA is not a good choice at all.
2. Be sure the RFP will allow you to carefully benchmark the out-of-pocket expenses – which tend to be very big ones where reorg jobs are concerned.
3. Review the kinds of forms and other educational/informational materials the vendors have used in the past. Well-designed and well-written materials will save you a huge amount of personal aggravation, assure the deal goes through quickly and smoothly and will save a huge amount of expensive "clean-up work" later on.
4. Do not forget to benchmark the brokerage commissions associated with many such jobs: The differences can be HUGE.
5. Review the contracts and other legal agreements with special care: Every year we see some that try to limit the agents' liabilities – because reorg jobs create big ones. But that's why you hire an agent – and why you also need to be absolutely sure that any agent you hire has both the legal obligation and the financial ability to shoulder the risks, or they'll end up as YOURS
6. Make sure the agent you choose has very robust internal systems and controls in place...and
7. Above all – as indicated in (5, 6 and 7) – be sure that the agent you select has the financial wherewithal to make-good on the monster-size mistakes that can and sometimes do arise in big reorg deals.



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800-322-2885

Mackenzie Partners, Inc. is a full-service proxy solicitation, investor relations and corporate governance consulting firm specializing in mergers-and-acquisitions related transactions.

We are called upon frequently to apply our expertise and capabilities in tender and exchange offers and proxy solicitations for clients who wish to have their investors or creditors participate in a restructuring of the company. This type of project also frequently involves the skills we employ in our securityholder identification and market surveillance work.

The 1980's and the 1990's generated companies that needed to be restructured and the lessons learned from those situations are being used to solve these new recent problems. This constantly evolving dynamic field requires a proxy solicitation firm at the forefront of these developments.

Mackenzie Partners has been involved in some of the most complex and difficult reorganizations over the past nine years. In our work in this area, we are utilized to solicit approvals for proposed or competing restructuring plans from one or more classes of creditors as well as security holders.

SHAREHOLDER ACTIVISM



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Since 2012, Activist Insight has provided its diverse range of clients with the most comprehensive information on activist investing worldwide. Regularly quoted in the financial press, Activist Insight is the leading provider and trusted source for global data in this ever-evolving space.

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Activist Insight Online (AIO) live database tracks investments, performance and news on over 1,300 activists globally. With a daily news and searchable archive of over 10,000 stories, this is the world's most comprehensive resource for activist intelligence.

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Activist Insight Vulnerability (AiV) is a unique screening tool focusing on the vulnerability of over 6,000 US issuers' to an activist engagement based on their financial health, ownership data and voting records.

Activist Insight counts many of the world's leading investment banks, law firms, shareholder communications firms and institutional investors as its clients.

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STOCK TRANSFER AGENTS & AGENCY SERVICES

Transfer agents take a lot of heat – from shareholders – and from their clients too (though, after all, that's what you really pay them to do) – and sometimes from the Optimizer as well. But if you stop to think about it, you'll realize that they probably wield more tools on your behalf than any other supplier you have.

This business, as most readers also know, has been undergoing a massive consolidation for over ten years now – driven mainly by dramatically falling unit volumes as shareholders continue to migrate to 'street-name.' The result; a do-or-die competitive environment.



(267) 515-5400
WWW.AMSTOCK.COM

AST and its affiliates are leading providers of registry services and technology to financial market participants across North America. Together with its affiliate CST Trust Company, AST provides comprehensive stock transfer and employee plan services to more than 8,000 public issues and over 5.5 million shareholders. The organization provides fully integrated services that include corporate proxy solicitation and advisory services, employee plan services, information agent, mutual fund proxy solicitation and advisory solutions, shareholder identification, asset recovery and investment management offerings.



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It's time to take a fresh look at your Transfer Agency program and make sure you're getting the most out of it. You want a partner that can handle all your shareholder communication needs. One that taps into opportunities to create efficiencies and increase engagement with your shareholders. One that offers you a more simplified approach, more flexibility based on your needs, and more insight into your shareholder base. That partner is Broadridge.

Get the most out of a Transfer Agent relationship with Broadridge:

A single source solution tailored to your needs from the only Transfer Agent that can support both beneficial and registered shareholders.

Superior shareholder and client service with a dedicated Relationship Management Team, Broadridge-staffed and US-based Call Center, and a secure, easy-to-use portal that offers unique features such as client alerts.

A customizable Shareholder Portal that offers everything your shareholders need to access and manage their accounts - personalized with your branding to differentiate your company and enhance loyalty.

A secure, proven onboarding process that provides a smooth transition and creates opportunities for long-term improvement.

Timely data and analysis that reveal insights and opportunities to gain efficiencies, reduce your costs and tailor your communication strategies.

Fully transparent contracts with no hidden clauses and no costly penalties. Just a clear, easy-to-understand contract.

50 years' experience helping companies realize efficiencies and plan for the future.



CIS.COMPUTERSHARE.COM

Computershare is the world's foremost provider of shareholder services to public companies. Our team offers global expertise, responsive client service and innovative technology, as well as a comprehensive suite of products and services designed to help our issuer clients achieve their corporate objectives. Trusted by more than 6,000 U.S. companies representing 19 million shareholder accounts, our proven solutions put our clients' and their stakeholders' needs first.

ZERO-BASED BUDGETING

We put this category in our Directory back in 2007 – partly to go from A to Z, we admit, but largely because we think it is one of our biggest and best money-saving tips ever, when applied to the biggest line items in our average reader's budget. Last year, by the way, was reportedly the 50th anniversary of this groundbreaking concept.

In today's fast-changing, highly competitive and highly tech-oriented world, we're willing to bet that you can shave 10% to 30% off your usual spending – often improving the overall quality of what you buy, in the bargain – by 'starting from scratch' rather than marking up last year's spending by the rate of inflation... and by questioning 'old ways of doing things'...and

by going out for some competitive bids for the big-ticket items.

But please take one final word of advice: Don't put all of the money we think you can save with a zero-based-budgeting approach back into the corporate kitty: Redeploy at least 60% of the savings to do other things, and to do them better – and to make your own corporate life a bit easier too.

Currently, we have no recommended suppliers, other than our own firm for RFP Drafting and Vendor Evaluation assistance, but please feel free to contact the editors if you would like additional background information and a few names to investigate.

READ MORE AT WWW.OPTIMIZERONLINE.COM

A NOTE, AND A SPECIAL REQUEST TO CFOs:

Please consider circulating this magazine to your Corporate Secretary, Governance Officer, Investor Relations Officer - and to anyone else on your staff that is responsible for engaging with investors and overseeing the services that are provided to your shareholders.

We know that many of the companies that will get this magazine do not have staff members who are devoted exclusively to these duties - which can make it hard to stay fully up-to-date on important issues, and for service providers to reach out to them with products, services and general information that can help them do their jobs in a better and more cost-effective way.

We hope that you will also consider an e-subscription to The Shareholder Service *OPTIMIZER* that can easily be shared with your key Governance and I-R staff members - and that will help them to deliver better and more cost-effective service to investors - which we have been focusing on for 23 years now.

With our thanks, and all best wishes for a prosperous new year - and for a peaceful one on the governance front....

Carl & Peder Hagberg



A SPECIAL OFFER TO READERS OF THIS ISSUE FROM THE SHAREHOLDER SERVICE *OPTIMIZER*

*"Helping public-companies – and their suppliers – to deliver better,
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"A very important tool...Articles are well written and pertain to crucial topics. It is one publication I always find time to read, and more often than not, forward to our senior management to read"

"The BEST source for really useful information on shareholder services."

"Has given me a lot of insight as to what is going on in the proxy world and the 'scoop' on all the transfer agents. I also appreciate all the money-saving ideas"

"The Optimizer produces the absolute best value for our money: I have learned more 'tips' in one issue than I generally get from an army of consultants. Pithy, informative and practical - my kind of periodical."

"A MUST-READ for Corporate Secretaries/IR Officers/Shareholder Relations Professionals."

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"Practical hands-on information on topics that are not followed well elsewhere."

"The 'missing link' between what the vendors tell us and what we really need to know."

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Who We Are

The Shareholder Services Association (SSA) is a nationwide network of shareholder services industry professionals. Our diverse membership includes corporations of all sizes, transfer agents and a wide variety of specialized service providers. Whether you are new to the industry, a seasoned professional or someone who has multiple responsibilities, the SSA offers education and networking opportunities to help you succeed.

Why Join

- Network with industry professionals.
- Stay up to date with best practices and new trends.
- Receive timely updates on industry and regulatory news.
- Develop a support system of people who understand your challenges.
- Gain visibility by serving on industry panels and/or in leadership positions.
- Advance your career through education and networking.

Advocacy

Join our active dialogue with the industry groups and regulatory bodies shaping our industry.

Education

The Annual Conference, in-person meetings and events, webinars and on-line training cover timely and relevant topics:

- Addressing regulatory changes
- Mitigating risks
- Effectively working with your transfer agent and service providers
- Identifying cost savings
- Evolving issues such as cybersecurity and unclaimed property
- Preparing an effective annual meeting

What Members Are Saying

- “SSA members’ willingness to share their depth of experience gives us all an edge.”
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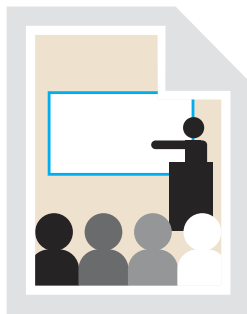
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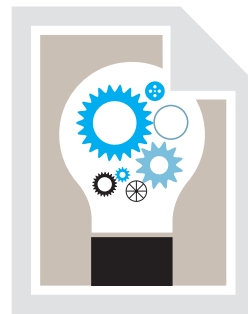
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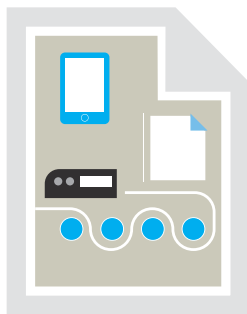
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Our Guide to Effective Proxies is a searchable catalog of innovative and shareholder-friendly proxy statement sections, topics and features, drawn from the public filings of our diverse, blue-chip client base.



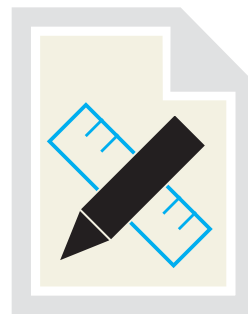
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Through a review of your most recent proxy, we provide recommendations on layout, messaging, design and content for major overhauls or incremental upgrades, identifying an appropriate style, language and format to best match your company's culture and objectives.

For more information, contact Ron Schneider at ronald.m.schneider@dfsco.com or visit our website at www.dfsco.com.



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