

Survey of [Example Corp] Shareholders Voting Criteria and Information Requirements for 2010 Annual Meeting

[Voting Inclinations](#)

[Sources of Decision-Making Information](#)

[Shareholder Questions for Management and Proponents](#)

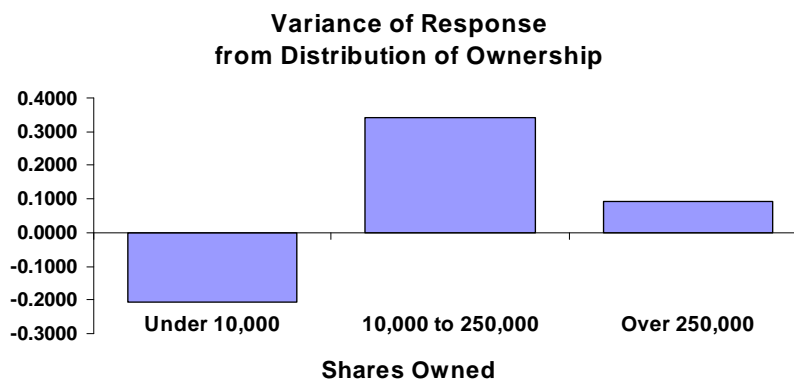
A survey of [Example Corp] shareholders was conducted the week after the company filed its proxy statement,¹ approximately a month before its scheduled April [--], 2010 annual meeting, to determine what information would be relevant to investor voting decisions.²

The survey questionnaire³ was intended to define participant inclinations and decision-making criteria relating to four voting items which are typical of the 2010 agenda for prominent, well-regarded companies that have not been targeted by investors for remedial measures:

- I. **Election of directors** (*uncontested*)
- II. **Ratification of auditor appointment** (*uncontested*)
- III. **Shareholder proposal to adopt “Say on Pay” advisory voting on executive compensation** (*opposed by management*)
- IV. **Shareholder proposal to allow holders of 10% of stock to call special meetings of shareholders** (*opposed by management*)

¹ See [March \[--\], 2010, \[Example Corp\], SEC Form DEF 14A: Proxy Statement](#) (53 pages, 491 KB, in [PDF format](#)).

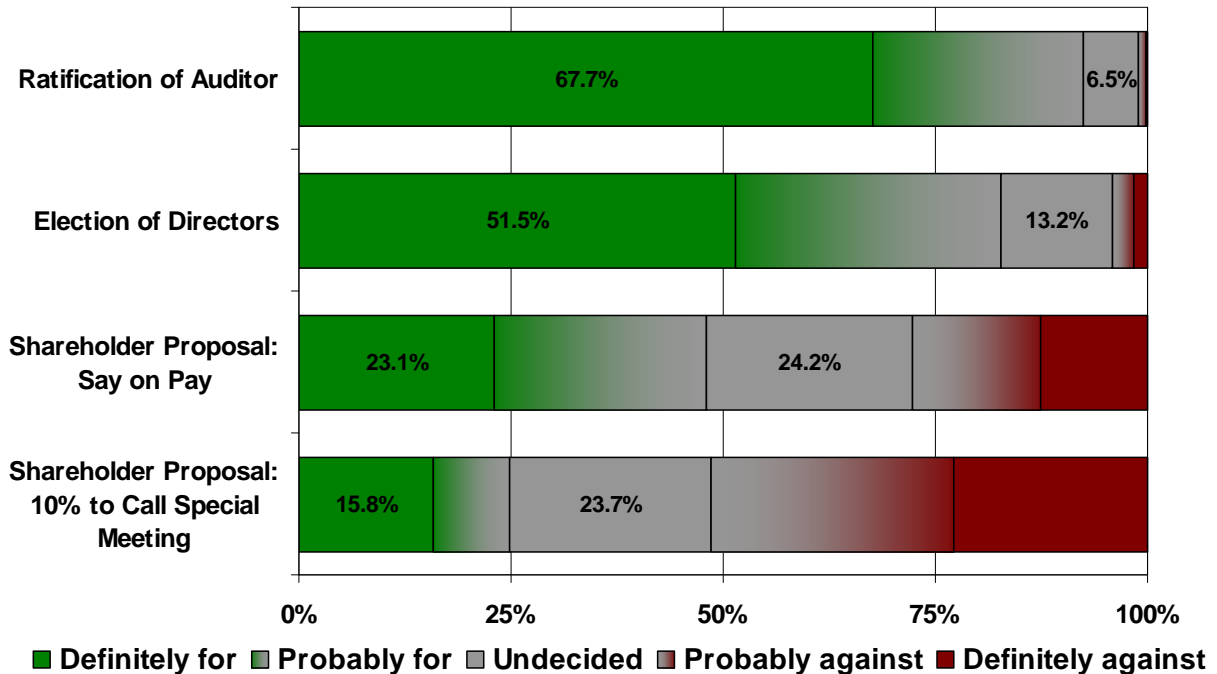
² The survey was initiated the morning of March 23, 2010, with email invitations to a sampling of approximately 5,000 [Example Corp] shareholders of record with more than 3,000 shares, and responses were collected for four days. As indicated in the following analysis of response variance from the distribution of record owners, participation followed a typical pattern of lower rates of response by smaller investors and higher rates by those with larger interests:



³ For what was presented to survey participants, see:

- [Survey invitation](#)
- [Questionnaire](#)

Voting Inclinations



With reactions to routine votes on auditor ratification and director nominations serving as effective reference points, survey responses showed relatively high proportions of undecided positions for both shareholder proposals. Of the responses from all participants, shown in the chart above, 48.1% reported being definitely or probably in support of the shareholder proposal for “Say on Pay,” but 24.2% reported being undecided. For the proposal relating to special meetings, only 24.8% of the total responses reported being definitely or probably for it, but a similarly high 23.7% reported being undecided.

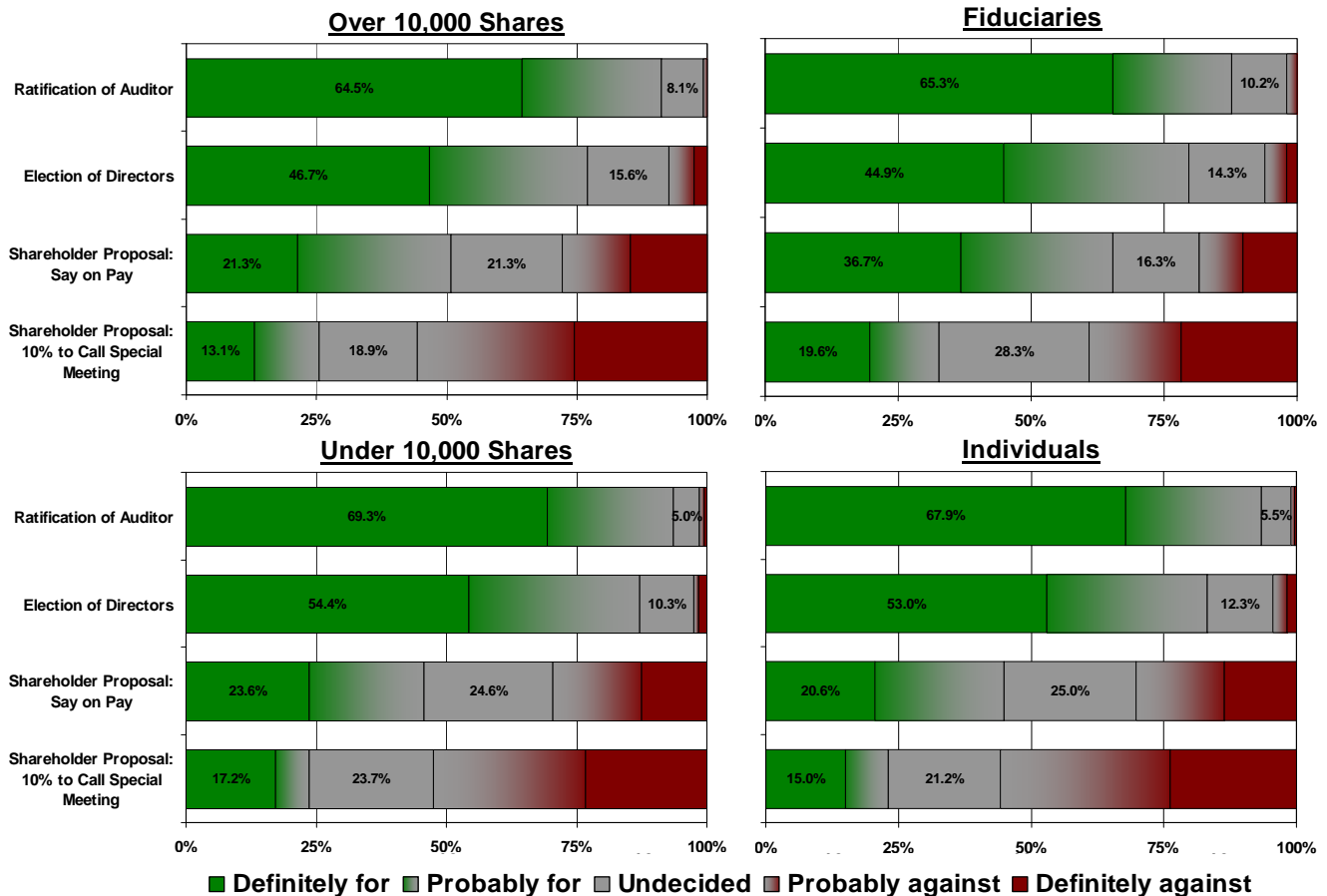
The general patterns of responses were similar for larger and smaller investors as well as for fiduciary and individual investors, as shown in the charts [below](#). A notable variation of the basic pattern, however, will be seen in the chart of responses from participants reporting fiduciary responsibilities for portfolios (pension or mutual funds, trusts, etc., managed by a professional for the benefit of others), with a relatively high 65.3% definitely or probably for the “Say on Pay” proposal and only 16.3% undecided, coupled with a similarly high 32.6% definitely or probably for the special meeting resolution but a much higher 28.3% undecided. It may be assumed that this fiduciary variation of the pattern is at least partially attributable to widespread reliance of institutional investors on standard policies for voting.⁴ Those policies are

⁴ For example, a survey participant reporting responsibility for managed funds holding over 250,000 [Example Corp] shares explained a “definitely for” vote for both shareholder proposals with this comment: “Our firm develops our own proxy voting guidelines which guide us here.”

THE SHAREHOLDER FORUM

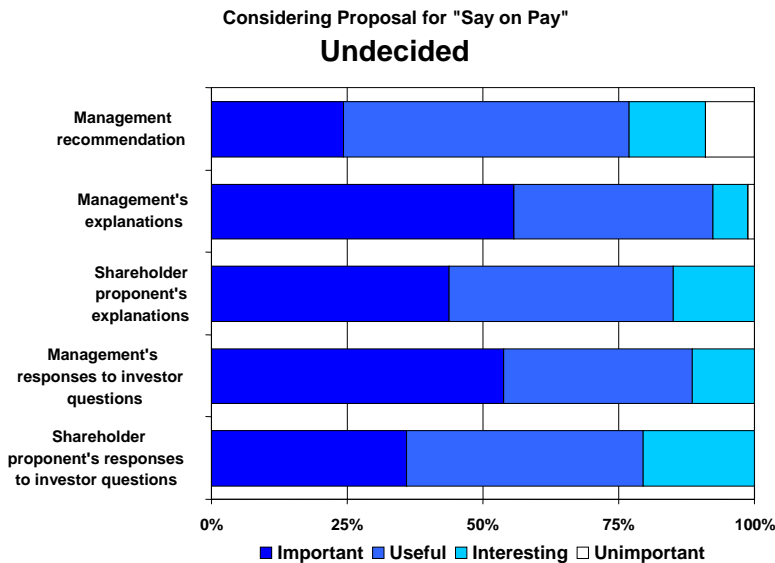
likely to be well defined for the familiar “Say on Pay” proposal, but may not be available to guide the decisions of a fiduciary fund manager relating to a vote on the less familiar special meeting proposal.

Voting Inclinations Segment Analysis



Sources of Decision-Making Information

To consider their voting decisions relating to the shareholder proposals, survey participants showed strong interest in explanations and answers to questions from management as well as from the shareholder proponents. Each of these sources of information was considered either important or useful by at least 79.5% of respondents who had indicated they were undecided about their vote for the “Say on Pay” proposal, with management recommendations slightly behind with 76.9%. The importance rankings followed a similar but slightly lower pattern for participants who reported that they would probably (but not definitely) vote either for or against the proposal.



The statistical pattern of responses was reinforced by comments expressing interest in simpler, more easily understood information than what is presented in proxy statements. It should be noted that these comments were submitted by a wide range of large and small, fiduciary and individual investors.

For example, someone reporting responsibilities for a pension fund portfolio holding over 250,000 shares offered this

as an “other” category for the question about what information would be considered important:

“Put the important info in BRIEF BULLETED FORM to encourage investors to take it under review rather than flood us under a torrent of legal and corporate mumbo-jumbo.”

A participant who reported being an individual investor with between 10,000 and 250,000 shares provided this suggestion for information that would be useful in considering a voting decision:

“Clear and simple description of the issues with the different positions objectively presented.”

Aside from interest in simplicity and associated frustrations with compliance-oriented presentations, the survey responses also reflected preferences for management sources of company-specific information as an alternative to applications of standard policies. Even for the “Say on Pay” proposal that most investors have had years to consider as a general policy issue, the portion of survey participants expected to spend at least a few minutes thinking about this particular vote was 36.8%, compared with 34.9% who planned to apply standard proxy adviser, activist or internal policies.

Shareholder Questions for Management and Proponents

Survey participants were invited to submit questions for either [Example Corp]’s management or the shareholders who are presenting proposals for voting at the meeting, with the understanding that Forum would present whatever was submitted without identifying the sources

other than as anonymous participants in the survey. Three identical copies of the questions, presented without editing exactly as they were submitted, were delivered to the company and to both shareholder proponents on March 29, 2010, the Monday after the survey closed.

One response has been received in time to make it available with this report, from the lead proponent of the “Say on Pay” resolution:

- [March 31, 2010, \[officer\] of \[shareholding fund\]: Response to questions of \[Example Corp\] shareholders](#)

Any responses received from the company or the other shareholder proponent will be similarly posted on the Forum web site.



Comments and questions about the survey will be welcomed.

Thanks are due to all the [Example Corp] shareholders who participated in the survey to help the company’s management as well as other investors understand your interests.

– April 2, 2010

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