

June 28, 2007

Directors Face-to-Face Meetings with
Institutional Investors on Corporate Governance Policies and Practices

While corporate governance activists are applauding today's announcement by Pfizer "that members of its Boards of Directors will invite its largest institutional shareholders to a meeting where they will have an opportunity to provide comments and perspective on the company's governance policies and practices including executive compensation," ***this is another example of corporate governance run amuck***. Since 2002 there has been a steady escalation of demands by corporate governance activists to increase shareholder power over the business decisions of boards of directors. With academic support from Prof. Lucian Bebchuk of the Harvard Law School, activists are seeking to impose prospective and retrospective referenda on basic decisions by boards of directors.

There is no justification for revolutionizing corporate law and corporate practices so that shareholders replace directors as the fundamental arbiters of corporate policy. Basic corporate law and corporate practices, as they have developed and evolved over the past 50 years, is the only proven vehicle for organizing and deploying capital on the large and dynamic scale of the modern United States economy. It should not be overturned by desperate attempts to appease deconstructionist activists.

Martin Lipton

*If your address changes or if you do not wish to continue receiving these memos,
please send an e-mail to Publications@wlrk.com or call 212-403-1487.*