



Governance & Proxy Review

Volume 1:Issue #9

Edited by Francis H.Byrd

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The Way We See It – Commentary from The Altman Group

By Francis H. Byrd, Managing Director, Corporate Governance Practice Co-Leader

Last week, we broadly discussed the implications of the demise of the broker discretionary vote for issuers and how that might interact with proposed disclosure on company director nominees.

Among the concerns that issuers have voiced over the loss of Rule 452 and the prospect of new disclosure, has been that the election of corporate directors will come to more closely resemble elections for political office – especially during contests for corporate control. While there is some truth to this, incumbent directors (and those who advise them) should not be preparing for a whistle-stop campaign.

An alternative format, which we believe will be helpful to governance and nominating committees alike, calls for providing shareholders with information about director nominees, why they have been selected by the board to stand for election, and the mechanisms used by the governance and nominating committee in selecting the nominees.

The best example of this type of discussion is in the [2008 proxy statement of Point Blank Solutions, Inc.](#)

A little background first. Point Blank was the subject of a contest in 2008 by Steel Partners (who won the contest) and its former CEO who had been fired. The board, in defending against attacks upon the experience of management's nominees, made a serious effort to distinguish the experience and background of company director nominees beyond the standard biographical material found in the proxy statement. This concept was advanced by Point Blank board member [Suzanne Hopgood](#), who chaired the board's governance and nominating committee.

The advantage to an issuer of this alternative format is that it provides for disclosure of those skills and

Governance News & Views from across the spectrum

>>Executive Compensation



July 15th, Executive Compensation:How To Fix It, And How Not To

Arthur F. Woodard discuss fixes to executive compensation.

> [read more](#)



July 10th, AIG Seeks Clearance to Release Bonuses

Liam Plevin and Deborah Solomon discuss AIG's quiet request to Obama's compensation czar to pay previously agreed upon retention bonuses.

> [read more](#)



July 15th, BT embarrassed by protest vote over pay

Andrew Parker and Philip Stafford report on investor anger at BT over a bonus for CEO

experiences that the governance and nominating committee, and the full board, considered important in fulfilling their oversight responsibilities. The discussion in the Point Blank proxy statement provides a solid reference for shareholders (and proxy advisory firms) who are looking to focus on director nominee qualifications for board membership. The discussion provides a solid reference for shareholders (and proxy advisory firms) who are looking to focus on director nominee qualifications for board membership.

The Point Blank proxy also briefly discusses the company's strategic plan, but does not touch directly on risk oversight. We expect that going forward, given the SEC's proposed disclosure regime, more companies will move to a more comprehensive disclosure format.

The Legal Opinion



This Akin Gump alert discusses the details of the SEC's June 10, 2009 proxy access proposal on registered investment companies.

[> read more](#)



Weil Gotshal discusses the implications of the SEC's approval of the elimination of the broker discretionary vote.

[> read more](#)

Ian Livingston, and a 59% cut in the dividend.

[> read more](#)

>>Global Dispatches

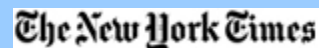


July 11th, Parker exudes charm but beware the iron fist

David Robertson examines the reputation and background of Sir John Parker, the newly named Non-executive Chairman of Anglo American, and what his appointment might mean for the potential merger between Anglo American, the mining giant, and the London-based Xstrata.

[> read more](#)

>>Investor Actions



July 14th, Calpers Sues Over Ratings of Securities

Leslie Wayne reports on a legal suit filed by the California Public Employees' Retirement System against Standard & Poor's, Moody's Investors Service, and Fitch alleging the credit rating firms "made negligent misrepresentation" to the pension fund.

[> read more](#)



July 10th, Citigroup Shakes Up Leaders to Pacify U.S.

David Enrich and Robin Sidel report on the shake-up in senior management at Citigroup in the wake of the U.S. government becoming the firm's largest shareholder.

[> read more](#)

[>>The Boardroom](#)

THE WALL STREET JOURNAL

**Theory & Practice, July 6th,
Pendulum Is Swinging Back on
'Scenario Planning'**

Cari Tuna discusses JDS Uniphase's use of Scenario Planning in strategic planning.

[> read more](#)



**Judgment Call, July 7th, To what
extent should CEOs engage with the
media?**

The FT posts thoughts from a CEO, an academic, a media expert, and others on the question.

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TIMES ONLINE

**July 15th, Lessons in salvaging a
battered reputation**

The Times of London examines the nature of second acts for fired CEOs and corporate leaders.

[> read more](#)

BusinessWeek

**July 14th, When Boardrooms Go
Global**

A discussion of what directors can expect

when serving or planning to serve on the board of a foreign company.

[> read more](#)

McKinsey Quarterly

June 2009, Rebuilding corporate reputations

A detailed discussion, by Sheila Bonini, David Court, and Alberto Marchi of McKinsey on protecting and restoring damaged corporate reputations. (Registration required)

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