

Georgeson's Annual Review Offers Detailed Examination of 2012 Shareholder Proposals and Proxy Contests

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In the midst of shareholder proposals season as submission deadlines have largely passed and companies are analyzing the proposals received, Georgeson's 2012 Annual Corporate Governance [Review](#) offers an interesting retrospective on 2012 events that continues to be informative for this coming season. Analyzing shareholder proposals for the S&P 1500 in the first six months of 2012, the report found that while 454 proposals were submitted, only 269 were ultimately voted on as the remainder were either withdrawn or omitted after negotiations or through the SEC no-action letter process. These figures are fairly steady from 2011 and represents a sharp drop from 2008, when perhaps due to the recent onset of the economic crisis, 652 proposals were submitted (with 339 voted on).

While it is no longer surprising to those with experience in shareholder proposals, the report indicates that the majority of proposals (109) in 2012 were from individual shareholders (45 from the ever prolific John Chevedden alone), 70 originated from labor unions and 57 through public pension funds. The report lays out the details of who submitted what types of proposals, for those companies interested to learn more about particular proponents.

Most useful for companies may be the voting results of proposals, which are organized in summary form but also in detail by company, topic and sponsor. Since many of the proposals received in 2013 are similar to past topics, this can provide a quick reference guide for voting results on a particular proposal, and also a roadmap for finding examples of opposing statements.

In addition to shareholder proposals, the report gives the results of say-on-pay votes for each S&P 500 company, a review of contested solicitations (defined as campaigns where dissidents distributed separate proxy cards) and other actions by activists, which were waged without distributing proxy materials and focused primarily on seeking greater support for shareholder proposals or "vote no" campaigns aimed at directors.

In addition to all of the data points, the report highlights the continued trend toward, and rising importance of, active company discussions with shareholders about ballot items. This evolution in engagement is perhaps the overall theme of the report. As Rhonda Brauer, Senior Managing Director-Corporate Governance at Georgeson, remarked to us, "We saw 2012 as the Year of Engagement, with a marked increase in company-shareholder engagement that went beyond the traditional proxy season to a year-round phenomenon. Topics ranged from executive compensation and board structure and composition, to negotiations with shareholder proponents over potential or the withdrawal of shareholder proposals, to simply open-ended discussions to facilitate better understanding on all sides. We see this phenomenon continuing into 2013 and beyond."

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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