Davis Polk

Strong Support for Declassification and Majority Voting

May 12, 2011 | Client Update

Although it often looks like proxy season 2011 is a one-topic event, say-on-pay is just one item on proxy cards. Recent data reminds us that say-on-pay may even be the least controversial item. ISS reports that as of May 9, shareholder proposals calling for declassifying boards (annual election of directors) won as much as 95% and 81% approval rates at MEMC Electronic Materials and Alcoa, respectively. Average support so far for nine proposals is 69%, up from 61% last year. Shareholder proposals on majority voting are also faring well, averaging 57% support at 14 companies, including 78% at SkyWest.

Recognizing the increased probability of getting these types of results, companies that receive such proposals often go ahead and implement without putting the shareholder proposals on the ballot. Companies seeking management proposals to amend governance documents for declassification and majority voting have won more than 96% approval this year.

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.

Ning Chiu
+1 212 450 4908
ning.chiu@davispolk.com