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Summary:

While some smaller companies have bans on meetings between outside directors and shareholders, these meetings are becoming increasingly common at larger companies. The Wall Street Journal cites Pfizer, Hewlett-Packard, UnitedHealth Group, Northrop Grumman and Home Depot as examples of firms where independent board members meet with shareholders to hear their concerns. These independent directors ply difficult waters as they avoid violating selective disclosure rules, protecting board's positions and listen to demands.

Not everyone thinks this is a good thing as these activities could potentially undermine the CEO's authority. Yet with the rise of activism and the requirement at many companies that directors be elected by a majority of shareholders, more companies are using independent directors to reach out to shareholders. At least in some cases, these efforts are bearing fruit. For example, a shareholder resolution was withdrawn at Northrop after the compensation committee chairman met with investors and agreed to meet some of their demands.

Link to Original:

<http://online.wsj.com/article/SB121658568897868665.html> The Wall Street Journal boasts worldwide print circulation of 2.7 million copies and the largest paid subscription service on the Web.

Original Title:

New Breed of Directors Reaches Out to Shareholders