

2009-06-15

Stormy Shareholder Meetings

The proxy season isn't yet over, but it's already shaping up as one of the stormiest on record.

Popular issues at this year's meetings have included proposals (most non-binding) backing:

- Say on pay provisions to give shareholders more input on executive compensation
- The power to call special meetings for major shareholders
- Moves to separate the Chairman/CEO roles
- Strengthened human rights, environmental or social standards

As the following examples show, the mood has been hostile, both inside and outside some meetings where protests have been common. The New York Times captured the mood when it wrote, "Stocks are down and credit is tight, but there is a bull market in shareholder outrage."

Shareholder Meetings: A Sampling

- Alaska Air Group—Over 300 pilots picketed outside the meeting. Inside, shareholders voted to support a proposal granting the right to call special meetings to shareholders possessing 10% of common shares outstanding. The non-binding proposal received 66% support.
- ArcelorMittal—About 1,500 protesting workers tried to break into the headquarters of the world's largest steelmaker during the annual general meeting. They broke down the front doors, but police held the protestors back with tear gas and rubber bullets. ArcelorMittal has cut production drastically, with over 9,000 layoffs. In Europe, 14 of its 25 blast furnaces lie idle. Inside, Chairman Lakshmi Mittal told investors, "The reality of the current situation is that there is no point in making what we know we cannot sell."
- Bank of America—Outside the meeting, a protester wore a

T-shirt emblazoned with “Fire!!! Kenneth Lewis.” Inside, 50.34% of shareholders voted to strip Ken Lewis of his Chairmanship, though he retains his role as CEO.

- Chesapeake Energy—One of the top natural gas producers in the U.S., Chesapeake earned the distinction of having the highest paid CEO in the S&P 500. This didn’t sit well with investors whose shares fell 59% during the same period. Aside from vocal outbursts at the meeting, four investor groups are also mounting legal challenges related to Chairman and CEO Aubrey McClendon’s \$112.5 million compensation.
- GM—In light of its bankruptcy restructuring, GM cancelled its annual general meeting. Previously, the meeting was scheduled for August 4.
- Royal Bank of Scotland—Investors overwhelmingly rejected the remuneration report, making RBS the first British bank to achieve this distinction. The report included a £703,000 annual pension for former CEO Fred Goodwin. 90% of shareholders voted against the report.
- Royal Dutch Shell—Upset that CEO Jeroen van der Veer and other directors received bonus payments without achieving performance targets, 59% of shareholders voted against the remuneration report.
- Sprint—77% voted to support a proposal giving the power to call special meetings to shareholders possessing 10% of common shares outstanding.
- Time Warner—A proposal was approved granting the power to call special meetings to shareholders holding 10% of common shares outstanding. Meanwhile, a say on pay proposal failed with 45% support.
- UAL Corp. (United Airlines)—Approximately 100 pilots and flight attendants protested outside the annual meeting. Many demanded the resignation of CEO Glenn Tilton over botched oil hedges. Inside, longtime shareholder Matalynne Wandela demanded Tilton’s resignation, asking the board, “When will he be held accountable? When will he be dismissed?”

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<http://www.dailyherald.com/story/?id=300020>

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