



# United States Proxy Exchange

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## Press Release – Coalition to Preserve Shareholder Meetings January 20, 2010

Bowing to shareholder concerns, Intel Corp. has scrapped plans to hold an on-line virtual shareholder meeting in 2010 and is likely to participate in a Fall conference to establish safeguards for the conduct of virtual meetings in the future, the United States Proxy Exchange (USPX) announced today.

### **Background**

Last Fall, Intel Corp. announced plans to scrap its annual shareholder meeting for 2010 and host an on-line forum in its place. In 2000, Delaware enacted legislation allowing corporations to do exactly this. Sadly, that state's legislators granted shareholders no say in the matter, leaving the decision solely to the discretion of corporations' boards.

Broadridge Financial Services has developed software for the conduct of virtual meetings. A handful of smaller corporations have already adopted that software and switched to entirely virtual meetings. For a number of years, Intel has held hybrid shareholder meetings, allowing people to attend both in person or via the Internet. Their plan had been to go to an all virtual meeting in 2010.

There is every reason to believe that, with strong safeguards, virtual shareholder meetings could enhance shareholder participation in meetings while protecting—even restoring—shareholder rights that have atrophied over the decades. However, no such safeguards are in place. Here are just a few scenarios illustrating how virtual meetings will deprive shareholders:

1. A well known shareholder activist plans to ask some pointed questions at the shareholder meeting, but his connection to the meeting somehow fails. He is left wondering if he was targeted or if there truly was an honest technical problem.
2. A shareholder wants to challenge the chair's conduct of the meeting with a point of order. She is within her rights to do so and may interrupt the chair for this purpose, but she finds that the electronic forum software won't allow her to do so ..... one more shareholder right lost.
3. A shareholder wants to make a floor amendment, but the software doesn't allow that either.

4. The meeting software provides no means of group communication, such as applause of booing, so shareholders come away from meetings with no sense of how other shareholders felt.

5. Corporate executives decide to pre-record their comments for a virtual shareholder meeting, including answers to pre-selected "shareholder questions." The executives then don't bother logging in during the actual "meeting."

Most annual meetings are heavily scripted. The chance for real interaction often comes in informal encounters before and after the formal meeting. Those opportunities would also be gone with virtual meetings.

### **Formation of the Coalition to Preserve Shareholder Meetings**

Following the announcement by Intel, shareholders discussed what might be an appropriate response to virtual shareholder meetings. Intel was the first major corporation to announce plans to switch to a virtual meeting, and more corporations were likely to follow suit. Without safeguards in place to protect shareholder rights, the situation was critical. There were few attractive options.

The SEC would be unlikely to intervene to preempt a Delaware law. We could launch a withhold vote campaign against the directors of Intel and other corporations that host electronic-only meetings, but that would entail participating in—and thereby accepting as legitimate—the virtual meetings.

In November, the USPX announced it was exploring a two-pronged strategy to address the issue of virtual shareholder meetings.

1. Host a conference in the Fall of 2010 to develop safeguards that would allow virtual meetings to be held in a manner that protects shareholders' rights, and
2. Organize a withhold proxy campaign against corporations holding virtual meetings without safeguards.

Since that announcement, the USPX has made considerable progress on both aspects of the initiative. A formal announcement of the formation of a Coalition to Preserve Shareholder Meetings is expected shortly. That announcement will include details on the Fall conference.

### **Conclusion**

The United States Proxy Exchange applauds Intel's decision to postpone implementing of virtual shareholder meetings until after the Fall conference. We welcome all parties—investors, shareholder advocates and service providers—to join the Coalition to Preserve Shareholder Meetings and participate in the Fall conference. Interested parties should contact our Executive Director Glyn A. Holton at 617.945.2484 or [mail@glynholton.com](mailto:mail@glynholton.com).