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The "Fifth Analyst Call" Request

Walden Asset Management has asked several corporations to institute an annual conference call with institutional investors to discuss corporate governance and other matters in the proxy statement for the annual meeting. Walden analogizes the call to quarterly earnings results calls and contemplates that the independent chair or lead director, together with other directors and corporate officers would be on the call. The purpose of the call is described as follows:

The aim of the call will be for issuers to explain to institutional investors their corporate governance philosophy and strategy and for investors to ask questions and raise concerns prior to voting their shares at the AGM.

Obviously, each corporation that receives this request will need to decide whether it wishes to adopt a program of having such a call prior to each annual meeting. Our reaction is that this program is unnecessary and likely to be counter-productive. All of the information to be discussed is already covered in the proxy statement and on the corporation's website, which is a better way to provide **all** shareholders with the relevant information. Corporations are responsive to questions or comments from shareholders and regularly answer and discuss corporate governance and proxy statement questions, either on a one-on-one basis or through a general communication to all shareholders and the public on the website. The existing method avoids legal and shareholder relations problems. It enables corporations to determine whether there is an SEC Regulation FD issue and to comply with FD by general announcement, rather than one limited to those shareholders who have elected to be on a conference call. Lastly, sophisticated questions and comments on the proxy statement and on corporate governance, of the type described by Walden, of necessity require access to a great deal of material, recourse to counsel and other officers and advisors and discussion and consideration of appropriate responses; something not appropriate for a conference call of the type envisioned by Walden.

Adding a Fifth Analyst Call to the already heavy burdens--of dealing with proxy advisory firms like ISS, institutional investors like CalPERS and other organizations like the Council of Institutional Investors on issues of corporate governance, and the SEC on issues of disclosure--that corporations bear today, seems to not be worth the effort. The time of directors and senior executives would be better spent on business strategy and operations that benefit all shareholders.

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