

May 26, 1987

To Our Clients:

Pill 31 - Institutions O
CALPERS and CREF Shut Out

As we reach the end of the May annual meeting season it is clear that the Council of Institutional Investors has suffered a stunning defeat in its proxy campaign against the poison pill. Despite the California Public Employees Retirement System and the College Retirement Equity Fund having selected targets with 60-80% institutional share ownership, the anti-pill resolution they put to a vote at some 31 targets attracted on average only 20% of the outstanding shares of the targets.

However, the Council of Institutional Investors apparently is not giving up. Word on Wall Street is that they are soliciting contributions for the purpose of financing a renewal of the anti-pill campaign. The refusal of the activist institutions to accept the will of the overwhelming majority of shareholders is further proof that their objective is not corporate democracy, but promotion and encouragement of bust-up takeovers.

The SEC should enforce the existing laws that require full public disclosure through the filing of a Schedule 13D by a group of shareholders who have aggregate holdings of 5% and act in concert with respect to the voting of their shares. The SEC should make it clear that the institutions and others who are participating in, or contributing money to, the anti-pill proxy campaign are members of a 13D group and therefore, if their individual holdings add up to 5%, required to file a Schedule 13D disclosing who they are and what they are up to.

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