

November 8, 1990

To Our Clients:

Proxy Resolutions

CalPers, United Shareholders, et al. are again proposing proxy resolutions designed to stimulate takeover activity. Essentially four types of resolutions are being proposed:

- (1) Confidential Voting
- (2) Poison Pill
- (3) Opt-out of State Takeover Laws
- (4) Golden Parachutes

We think the confidential voting resolution is not very meaningful and, with an exclusion for proxy fights, we see no reason not to agree to confidential voting rather than burden the proxy process with the resolution.

As to the other resolutions we believe they should be opposed. Contrary to the assertions of the proponents, poison pills, state takeover laws and golden parachutes are not adverse to shareholders interests. Indeed, they have proven to be protective of shareholder interests. While each company must assess its individual situation, in general we would not compromise with the proponents in order to avoid a vote on these resolutions. We have in the past and will continue to advise clients that if the board of directors in its business judgment determines that implementation of these resolutions is not in the corporation's and shareholder's best interests, then even if a majority of shareholders vote in favor of the resolutions, the pill need not be redeemed, the golden parachutes need not be rescinded and the takeover law opt-out need not be exercised.

In light of the extensive public relations efforts of United Shareholders, Council of Institutional Investors, Institutional Shareholders Services and others, it is important for companies and organizations like the Association of Corporate Secretaries and the Business Roundtable to conduct a counter-public relations campaign. Although takeover activity has abated substantially, it would be a serious mistake to allow these self-serving shareholder organizations to dismantle the takeover defenses so painstakingly created during the past six years.

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