SEC Votes to Adopt E-Proxy Rule Amendments and Propose Mandatory Model

FOR IMMEDIATE RELEASE
2006-209

Washington, D.C., Dec. 13, 2006 — The Securities and Exchange Commission today voted to adopt amendments to its proxy rules that would allow companies to furnish proxy materials to shareholders through a “notice and access” model using the Internet. The Commission also voted to propose rule changes that would require companies and soliciting persons to follow the notice and access model for all solicitations not related to a business combination transaction in the future.

Internet Availability of Proxy Materials

Pursuant to amendments to the Commission’s proxy rules, a company may, but is not required to, furnish proxy materials to shareholders through a “notice and access” model. A company choosing to follow the model must post its proxy materials on an Internet Web site and send a Notice of Internet Availability of Proxy Materials to shareholders at least 40 days before the meeting date. A proxy card may not accompany the Notice. However, a company may send a paper proxy card accompanied by another copy of the Notice 10 days or more after it sending the initial the Notice.

The new alternative model for furnishing proxy materials seeks to substantially decrease the expense incurred by issuers to comply with the proxy rules and provide persons other than the company with a more cost-effective means to undertake their own proxy solicitations.

The Notice must be written in plain English and contain a prominent legend that advises shareholders of the date, time, and location of the meeting; the availability of the proxy materials at a specified Web site address; a toll-free phone number, e-mail address and a website that shareholders may use to request copies of the proxy materials; and a clear and impartial description of the matters to be considered at the meeting.

The company must send a copy of the materials within three business days after receiving a request from a shareholder. A shareholder may make a permanent election to receive all proxy materials in paper or by e-mail with respect to future proxy solicitations conducted by the company or soliciting person.
When a company or soliciting party chooses to rely on the notice and access model, brokers, banks and similar intermediaries must prepare and send their own Notices designed for beneficial shareholders. A beneficial shareholder desiring a paper or e-mail copy of the proxy materials must request one from the intermediary.

A soliciting person other than the company may follow the notice and access model in substantially the same manner as a company. However, its Notice must be sent to shareholders by the later of 40 days before the meeting or 10 days after the company filed its proxy materials. It may limit its solicitation to shareholders who have not previously requested paper or e-mail copies. But if the soliciting person sends a Notice to a shareholder, it must send that shareholder a paper or e-mail copy upon request.

The compliance date for the amendments is July 1, 2007. No person may comply with the notice and access model before that date.

“The new rules for the Internet availability of proxy materials that the Commission adopted today have been carefully crafted to decrease substantially the costs incurred by issuers and others soliciting proxies while safeguarding the interests of investors. It is worth emphasizing that any investor who wants to receive paper proxy materials may continue to do so, without charge, under these rules even if the company has chosen to follow the voluntary notice and access model,” remarked John W. White, Director of the Division of Corporation Finance at the SEC. “A shareholder needs only to tell his broker or the company by whatever means is convenient -- a toll free call, by mail, by email or on the proxy website. And, once the request for paper proxy materials is made, that preference continues with respect to subsequent solicitations in later years without any further action by the shareholder. We also added 10 days of additional time for this to occur.”

The Commission also is proposing to require companies and soliciting persons to follow the notice and access model for all solicitations not related to a business combination transaction in the future. The proposed mandatory model would operate in substantially the same manner as the voluntary model. However, under the proposal, the Notice could be accompanied by a full set of proxy materials, including the proxy statement, annual report, and proxy card.

Comments on these proposals should be received by the Commission within 60 days of their publication in the Federal Register.

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The full text of the detailed release concerning these items will be posted to the SEC Web site as soon as possible.