Governance for Owners Group LLP
26 Throgmorton Street
London EC2N 2AN
Main: +44 (0)20 7614 4750
Fax: +44 (0)20 7374 4889
Website: www.g4owners.com

Letter to the Editor
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'Corporate Democracy' Ultimately Means Improved Shareholder Value

Henry Manne defines "corporate democracy" in a way that is unrecognizable to those advocates for greater shareholder rights who use that expression as shorthand for trying to improve the corporate governance system to increase and, in some cases, begin to establish accountability of directors and management to shareholders ("The 'Corporate Democracy' Oxymoron," editorial page, Jan. 2).

We do not see the political system as the model for determining when and on what issues shareholders should vote. We do not advocate contested elections or nominations to be made "willy-nilly" (his words). We do support requirements that directors must receive a positive vote by a majority of shares cast, directors be elected annually, and in very limited circumstances would permit a significant segment of shareholders to nominate directors at companies that have failed to generate the support of a majority of its shareholders.

This is not a political statement, or based on a hidden agenda, but common sense economics for shareholders who have invested in companies that lack accountability. His ideas that poor performance and compensation excesses are the product of "regulatory interference" rather than corporate governance deficiencies and that a return to pre-1933 would make the world a better place will appeal to few. To the contrary our goal of improving corporate governance is a private sector remedy, which we believe will increase investment performance and ultimately benefit the private enterprise system which Prof. Manne espouses.

Peter Clapman
President and CEO
Governance for Owners USA
Scarsdale, NY

The independent champion for long-term share owners