



MAML PROXY VOTING GUIDELINES

The following are guidelines and as such are neither strict nor exhaustive. Since the circumstances of individual companies are so varied, there may be instances when MAML will not recommend voting in strict adherence to these guidelines. Votes on matters not covered by these guidelines will be determined in accordance with the guiding principles set forth above. Proposals that are company specific and of a non-routine nature may be more appropriately handled on a case-by-case basis. At any time, MAML may seek voting instructions from some or all of its clients.

(A) AUDITORS

MAML generally will vote *FOR* proposals to ratify auditors, unless there is reason to believe that an auditor has a material financial interest in or association with the company, and is therefore not independent, or there is reason to believe that the independent auditor has rendered an opinion which is neither accurate nor indicative of the company's financial position.

(B) BOARD OF DIRECTORS

(i) Election of Directors

Electing directors is an important stock ownership right that shareholders can exercise.

Shareholders should seek to elect directors who represent their interests and will act in a

manner which will maximize the value of their ownership interest and who can ultimately be held accountable for their actions.

- ❖ MAML generally will vote *FOR* all nominees in uncontested elections. However, each election is examined on a case-by-case basis and MAML will withhold votes for or vote against individual nominees or entire slates of directors if it believes such action is in the best interest of shareholders.

(ii) Classification/Declassification of the Board

A classified board is one in which directors are divided into classes with each class serving a fixed term. Elections are staggered with each class up for re-election in different years. Board classification can result in less accountability and can make it more difficult for dissidents to gain control.

- ❖ MAML will generally vote *AGAINST* proposals to classify the Board. MAML will generally vote *FOR* proposals to repeal classified Boards, and to elect directors annually.

(iii) Majority Voting Proposals in Director Elections

Majority voting gives shareholders a meaningful voice in director election. A shift from plurality to majority voting in director elections means a director needs to get an affirmative majority of votes cast. The plurality system elects a director in an uncontested election once there is one affirmative vote, with votes withheld/against not being counted.

- ❖ MAML will generally vote *FOR* resolutions requesting that the board change the company's regulations to stipulate that directors need to be elected with an affirmative majority of votes cast, provided it does not conflict with the law of where the company is incorporated.

(iv) Director Indemnification and Liability Provisions

Directors and officers are often faced with difficult choices and should be willing to make decisions that are not risk-averse. MAML believes that directors should not be held accountable for actions taken where they have acted honestly and in good faith but should not be fully released from liability if they act outside of such parameters.

- ❖ MAML generally will vote *FOR* proposals providing for indemnification and liability limitations for officers and directors, provided the policies are limited to the director acting honestly and in good faith and putting the interests of the company first, rather than eliminating entirely director's and officer's liability for monetary damages for violating the duty of care.

(v) Board Size

Proposals to allow management to increase or decrease the size of the board at its own discretion are often used by companies as a takeover defense. By increasing the size of the board, management can make it more difficult for dissidents to gain control.

- ❖ MAML generally will vote *FOR* proposals that seek to fix the size of the board.
- ❖ MAML generally will vote *AGAINST* proposals that give management the ability to alter the size of the board without shareholder approval.

(vi) Majority of Non-Executive Directors/Establishment of Committees

MAML believes that having a board independent of management is of the utmost importance to both a company and its shareholders.

- ❖ MAML generally will vote *FOR* proposals asking that a majority or more of directors be non-executive.

- ❖ MAML generally will vote *FOR* proposals asking that board audit, compensation, and/or nominating committees be “independent”. Independence does not necessarily require that the entire committee be composed of non-executive directors.

(vii) Director Tenure/Retirement Age

Tenure and Age limits impose an arbitrary threshold beyond which director’s may not serve regardless of the director’s performance.

- ❖ MAML believes that directors should be judged on their own merit and will generally vote *AGAINST* proposals for such arbitrary guidelines as age restrictions.

- ❖ MAML generally will vote *FOR* proposals that require directors to present themselves for re-election on a periodic basis.

(viii) Filling Vacancies/Removal of Directors

Shareholder ability to remove directors, with or without cause, is prescribed by a state’s business corporation law, an individual company’s articles of incorporation, or its bylaws. If the state or company has specified that removal may only be for cause, then such things as self-dealing or fraud will allow for the removal of a director. Removal without cause requires no such showing, which would allow shareholders to remove through a majority vote any director before his or her term expires.

- ❖ MAML will evaluate on a *CASE-BY-CASE* basis proposals that members of the board can only be removed for cause.

(ix) Executive and Director Compensation

Directors compensation plans should be aligned with shareholders long-term interests.

- ❖ Evaluation of plans will be done on a *CASE-BY-CASE* basis, considering several factors in determining if it is reasonable and fair

(C) SHAREHOLDER RIGHTS

(i) Confidential Voting

In a confidential voting system, all proxies, and voting tabulations that identify individual shareholders are kept confidential. This confidentiality can eliminate any real or perceived coercion towards voters.

- ❖ MAML generally will vote *FOR* proposals that corporations adopt confidential voting, use independent vote tabulators or use independent inspectors of election, as long as the proposal includes a provision for proxy contests as follows: In the case of a contested election, management should be permitted to request that the dissident group honor its confidential voting policy. If the dissidents agree, the policy remains in place. If the dissidents will not agree, the confidential voting policy is waived.

- ❖ MAML generally will vote *FOR* proposals to adopt confidential voting by shareholders.

(ii) Shareholder Ability to Call Special Meetings

Certain matters may arise between regularly scheduled shareholder meetings that require attention. The inability of shareholders to call meetings could result in shareholders being unable to remove directors, initiate a shareholder resolution or respond to a beneficial offer without having to wait for the next scheduled meeting. The inability to call a special meeting and the resulting insulation of management could adversely affect corporate performance and shareholder returns.

- ❖ MAML generally will vote *AGAINST* proposals to restrict or prohibit shareholder ability to call special meetings.

- ❖ MAML generally will vote *FOR* proposals that remove restrictions on the right of shareholders to act independently of management.

(D) ANTI-TAKEOVER MEASURES

MAML generally will vote *AGAINST* anti-takeover proposals if such proposals act against the common interests of shareholders.

- (i) Amend Bylaws without Shareholder Consent

- ❖ MAML generally will vote *AGAINST* proposals giving the board exclusive authority to amend the Bylaws.

- ❖ MAML generally will vote *FOR* proposals giving the board the ability to amend the Bylaws with shareholder consent.

(ii) Anti-Takeover Provisions

- ❖ MAML generally will vote *AGAINST* any proposed amendments to corporate Articles, Bylaws or Charters that include anti-takeover provisions.

(iii) Poison Pill Plans

Poison pills (or shareholder rights plans) are tactics used by management fearing an unwelcome takeover bid. These rights are usually not exercisable unless a hostile takeover offer is tendered or a potential acquirer of the company purchases a specified percentage of the shares of the company. If the company cannot fend off the takeover, the plan allows holders of the rights to buy additional shares or sell shares at very favourable prices. This imposes significant costs on the potential acquirer, making the takeover less attractive.

- ❖ MAML generally will vote *FOR* a proposal that the company submit a shareholder rights plan (poison pill) to a shareholder vote.
- ❖ MAML generally will vote *AGAINST* a proposal to renew or amend an existing shareholder rights plan (poison pill) without first seeking shareholder approval.
- ❖ MAML generally will vote *FOR* a proposal to redeem a shareholder rights plan (poison pill), assuming the shareholders' prior approval has been granted.
- ❖ MAML generally will vote *AGAINST* an increase in capital stock for use in the implementation of a shareholder rights plan (poison pill).

(iv) Greenmail

Greenmail payments are targeted share repurchases by management of company stock from individuals or groups seeking control of the company, usually in exchange for the would-be acquirer's agreement to end the takeover attempt. Since only the hostile party receives payment, usually at a substantial premium over the market value of its shares, the practice discriminates against all other shareholders. This transferred cash could, absent the greenmail payments, be put to use for reinvestment in the company, payment of dividends, or to fund a public share repurchase program.

- ❖ MAML generally will vote *FOR* proposals to adopt anti-greenmail charter or bylaw amendments or otherwise restrict a company's ability to make a greenmail payment.

(v) Golden and Tin Parachutes

Golden parachutes are a severance arrangement for executives and directors contingent on a change of control in a company. Golden parachutes are intended to ease managers' and directors' fears about losing their jobs in the event of a successful takeover, and thus help them to make decisions in the best interests of the company and its shareholders in those circumstances. However, the amount of compensation in these arrangements is often excessive, especially in light of the amount of other compensation that executives typically receive. The calculation is usually based on some multiple of an employee's annual or monthly compensation. Some companies are extending the coverage to all employees via tin parachutes.

- ❖ MAML generally will vote *FOR* proposals that the company eliminate or restrict existing severance agreements, change-in-control provisions, or golden parachutes.

(E) CAPITAL STRUCTURE

(i) Adjustments to Par Value of Common Stock

Stock that has a fixed per share value printed on its certificate is called par value stock. The purpose of par value stock is to establish the maximum responsibility of a shareholder in the event that a company becomes insolvent. Many times proposals to reduce par value stem from state law requirements or banking regulations.

- ❖ MAML generally will vote *FOR* management proposals to reduce the par value of common stock.

(ii) Common Stock Authorization

State statutes and stock exchanges require shareholder approval for increases in the number of common shares a board is authorized to issue. Companies increase their supply of common stock for a variety of ordinary business purposes: raising new capital, funding stock compensation programs, business acquisitions, and implementation of stock splits or payment of stock dividends.

- ❖ MAML generally will vote *FOR* increases in common stock authorized provided such action is determined to be in the shareholders' best interests.
- ❖ MAML will review on a *CASE-BY-CASE* basis proposals to approve a reduction in the number of shares of common stock authorized for issue or an elimination of an authorized class of common stock.

(iii) Preferred Stock

- ❖ MAML will review on a *CASE-BY-CASE* basis proposals to increase the number of blank check preferred shares after analyzing the number of preferred shares

available for issue given a company's industry and performance in terms of shareholder returns.

- ❖ MAML will review on a CASE-BY-CASE basis proposal to eliminate a currently authorized class of preferred stock.

(iv) Share Repurchase Plans

A share repurchase plan is a program by which a company buys back its own shares in the open market. It is usually done when shares are undervalued. Since it reduces the number of shares outstanding and thus increases [earnings](#) per share, it tends to elevate the market value of the remaining shares held by stockholders.

- ❖ MAML will generally vote *FOR* share repurchase plans.

(v) Pre-emptive Rights

Pre-emptive rights permit shareholders to share proportionately in any new issues of stock of the same class. These rights guarantee existing shareholders the first opportunity to purchase shares of new issues of stock in the class they own, in an amount equal to the percentage of the class they already own.

- ❖ MAML will generally vote *FOR* proposals on issuance requests with pre-emptive rights up to a maximum of 100% of currently issued share capital.
- ❖ Because issuances without pre-emptive rights result in the dilution of stock, MAML will generally vote *FOR* these issuances up to a maximum of 20% of currently issued share capital.

(vi) Stock Distributions: Splits and Dividends

- ❖ MAML generally will vote *FOR* management proposals to increase the common share authorization for a stock split or share dividend.

- ❖ MAML generally will vote *FOR* recommended stock splits.

(F) MERGERS AND CORPORATE RESTRUCTURINGS

- ❖ MAML will review on a *CASE-BY-CASE* basis proposals for mergers and acquisitions.

(i) 'Going Private' Transactions (Leveraged Buy Outs & Minority Squeezeouts)

- ❖ MAML will review on a *CASE-BY-CASE* basis proposals to take a company private, taking into account factors including, but not limited to, offer price/premium, fairness opinion, how the deal was negotiated, conflicts of interest, other alternatives/offers considered, and non-completion risk.

(ii) Spin-offs

- ❖ MAML will review on a *CASE-BY-CASE* basis proposed spin-offs, taking into consideration factors including, but not limited to, tax and regulatory advantages, planned use of the sale proceeds, valuation of the spin-off, fairness opinion, benefits to the parent company,

conflicts of interest, managerial incentives, corporate governance changes and changes in the capital structure.

(G) MISCELLANEOUS

(i) Amending Minor Bylaws

- ❖ MAML generally will vote *FOR* management proposals for bylaw or charter changes that are of a housekeeping nature (updates or corrections).

(ii) Changing Corporate Name

- ❖ MAML generally will vote *WITH MANAGEMENT* with regard to changing the corporate name.

(iii) Changing Date, Time or Location of Annual Meeting

- ❖ MAML generally will vote *FOR* management proposals to change the date/time/location of the annual meeting unless the proposed change is unreasonable. MAML requires at least ten days notice of any such change in order to allow for custodian deadlines.

(iv) Cumulative Voting

Cumulative voting for directors is a process in which the number of votes each shareholder may cast is determined by multiplying the number of shares owned by the number of directors to be elected. Shareholders may cast all of their votes for one candidate or distribute them among any

combination of candidates. It makes it easier for a minority of shareholders to elect director nominees of their choice to the board.

Cumulative voting enhances the power of minority shareholders to influence the board of directors.

- ❖ MAML will generally vote *AGAINST* proposals to adopt cumulative voting practices if it appears that cumulative voting would allow a minority of shareholders to promote their own interests without regard for the majority.

- ❖ MAML will generally vote *FOR* cumulative voting where a board has proven to be unresponsive to the interests of all shareholders, or if there are other indications that cumulative voting is in the best interests of shareholders.