

Court Deems CA Shareholder Suit "Not Ripe"

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A Delaware judge on Thursday declined to rule on whether a Harvard professor can force CA Inc. to poll shareholders on altering the company's poison-pill bylaws.

Vice Chancellor Steven Lamb said Professor Lucian Bebchuk's challenge to CA's proxy was "not yet ripe" for consideration.

Bebchuk, a corporate governance expert, had asked CA, the Islandia software company, to poll shareholders on a poison-pill provision at its annual meeting in August. Bebchuk took CA to court after the company, citing Delaware law, refused to include his proposal in its proxy. The proxy materials are due in July, a month before the annual meeting.

Poison pills are designed to make corporate takeovers prohibitively expensive. Bebchuk wanted to alter CAs bylaws, arguing that shareholders should have a greater say in a company's potential sale.

Bebchuk made similar bylaw provision proposals with other publicly traded companies as attempts to allow shareholders direct control over corporation activities.

In his ruling, Lamb said Bebchuk's case isn't fit for judgment since CA never adopted his proposal. Until CA adopts the proposal, Delaware courts can't rule on its legality.

Lamb suggested that Bebchuk pursue his dispute with the Securities and Exchange Commission and in federal court if the SEC disputes his proposal.

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