



## **OPEN LETTER TO ALL SHAREHOLDERS OF ALL CANADIAN PUBLIC COMPANIES**

### **Re: The Price of Silence, More Shareholder Abuse**

The purpose of my letter is three-fold. First, alert you to a large potential risk to the value of your investments; second, urge you to speak out and ensure this risk is avoided; and third, show how your actions can correct a fundamental flaw in the Canadian securities regulations that allows management to circumvent your essential shareholder rights.

Recently I have been in the news battling the Board and Management of Goldcorp Inc. for the right of all its shareholders to have a vote on the proposed \$8.6 billion transaction with Glamis Gold. Many shareholders agree with me (28 million shares have been pledged in favor) that Goldcorp should give a vote on this transaction. Goldcorp is proposing to issue shares representing 67% of its outstanding equity. Indeed, in most developed markets a vote would be required when dilution of this magnitude is proposed.

### **Far Reaching Implications**

On first impression, this fight may appear as merely a struggle between the founder and former CEO of Goldcorp and the incumbent CEO, which does not warrant intervention and public comment. However, this is definitely not the case.

It is very important to understand the implications of issues now before the Court. Depending on what the Appeal Court decides, the law will definitely change and it may diminish the involvement of shareowners in future mergers and acquisitions in Canada.

For your background, on October 20<sup>th</sup> I went to the Ontario Superior Court requesting a vote for Goldcorp shareholders. Four days later, the Court denied my request. This Wednesday, November 1<sup>st</sup> I will be back in court appealing the decision. Although I have

the greatest respect for our Courts, I believe the Judge did not adequately address my specific concerns with regard to Section 182 of the Ontario Business Corporations Act.

I ask you to look at the important and far reaching implications of a Court decision to 1) Deny a Vote; or 2) Require a Vote.

### **Court Denies a Vote**

It will set a dangerous precedent. It will encourage legal advisors to recommend transaction structures that only require the acquired company's shareholders, the ones being paid a premium, to have a vote.

Shareholders of the acquiring company will have no information, no right to vote, no right to dissent, no way to protect their investment. It will allow management teams and boards to ignore the wishes of their shareholders. A decision to deny a vote will strip investors in Canadian public companies of their fundamental rights associated with ownership. The rules of the Toronto Stock Exchange do not prevent massive dilution and thus do not conform to international standards, where a shareholder vote would be required for share issuances greater than 20-25%.

### **Court Requires a Vote**

Yes it will give a vote to Goldcorp shareholders and that decision will set an important legal precedent. It will stop the erosion of shareowners' rights by clever legal advisors. No longer will they be able to craft the type of complicated corporate transactions that deny the fundamental voting rights of shareholders.

Also, a court ruling requiring a vote for Goldcorp shareholders should cause the Toronto Stock Exchange and our provincial securities commissions to enact regulatory changes that follow international good corporate governance standards. This would address a major flaw in shareholder protection, which is currently present in the Canadian equity markets.

### **Surprising Silence of Governance Experts**

Throughout this process I have been very surprised and disappointed by the absolute silence of the organizations that claim to be protecting shareholders' interests and promoting good corporate governance. The Goldcorp/Glamis situation seems to be just the type of circumstance where these groups say a vote is required. Is this a case of all talk and no action? Is their mandate really just another tax on shareholders' wealth?

Aside from the important public statement from the Ontario Teachers' Pension Plan requesting a Goldcorp vote, every other corporate governance organization in Canada and the United States has remained mute.

### **Astonishing Number of Advisors**

Take a wild guess at the number of advisors, legal and financial, that the Goldcorp and Glamis felt were needed to complete this transaction without a Goldcorp shareholder vote. Does hiring 8 investment dealers and engaging 5 law firms (13 if you include those of the dealers) sound excessive?

The Goldcorp/Glamis transaction was brilliantly designed to remove all uncertainty, particularly bothersome Goldcorp shareholders. A large part of the investment community was effectively silenced while a legion of lawyers has worked to ensure no legal impediments stood in the way.

### **HERE'S WHAT ALL SHAREHOLDERS CAN DO**

If you want to prevent further erosion of your fundamental rights and ultimately the value of your investment, you must speak up NOW!

You can make a difference! Your voice should be heard. Contact your broker, your mutual fund manager, the Toronto Stock Exchange, NYSE, your respective provincial securities commission, or the SEC (Securities and Exchange Commission). Call the newspapers, talk to radio and TV business commentators and get the word out on the web that you want Goldcorp shareholders to have a vote because you want to protect the value of your investments in Canadian public companies.

For full details visit my website <http://www.robmcewen.com>.

Gold is Money!

*Robert R. McEwen*

Goldcorp Shareholder