

FOR TUESDAY, APRIL 28 AND WEDNESDAY, APRIL 29

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LIUNA Again Calls for Reform at Largest Credit Rating Agencies

Union's Pension Funds Submit Shareholder Proposals Calling for Independent Chairmen at Moody's and McGraw-Hill – Two Corporations at the Center of America's Economic Crisis

Pension funds for LIUNA - the Laborers' International Union of North America – have submitted shareholder proposals at Moody's and McGraw-Hill calling on the Board of Directors to adopt reforms that would require the separation of the CEO and Chairman positions. The proposal will be considered by Moody's and McGraw-Hill at their annual shareholder meetings on **Tuesday, April 28 and Wednesday, April 29, respectively.**

Maintaining independence between a corporation's CEO and Chair is considered "best practice" by corporate governance experts and is particularly needed at Moody's and McGraw-Hill where irresponsibility and a lack of transparency had a disastrous impact on America's economy.

Credit rating agencies contributed to the mortgage crisis and economic meltdown by giving AAA ratings to mortgage backed securities. Investors relied on these ratings which turned out to be wrong and a key factor contributing to the housing bubble and America's economic crisis.

"America has a free market economy but that does not mean that corporations should be free to ruin the economy," said LIUNA General President, Terry O'Sullivan. "We need real reforms to increase corporate transparency and shareholder confidence and to make sure that shareholders and working people are not vulnerable to conflicts of interest in corporate America."

According to a Congressional Oversight Panel "major credit rating agencies played an important – and perhaps decisive – role in enabling and validating much of the behavior and decision making that now appears to have put the broader financial system at risk."

Moody's and McGraw-Hill's subsidiary, Standard & Poor's (S&P) are estimated to control about 80% of the U.S. credit rating market. Moody's value is down 23% since the start of 2008 and McGraw-Hill's value is down 42% in the same period.

"Moody's and S&P were at the center of our economic crisis," said O'Sullivan. "The actions of these companies resulted in foreclosures, diminished retirement security for workers with pensions and the loss of nearly 2 million construction jobs."

Despite his claim that "virtually no one anticipated the crisis," documents obtained by the House Oversight Committee revealed that Moody's CEO and Board Chairman Ray McDaniel discussed the problems of conflicts of interest with the company's Board of Directors in October 2007 stating they could "place the entire financial system at risk." While McDaniel described safeguards that had been put in place, he admitted to the Board that "this does not solve the problem." According to

Congressman Waxman, Chairman of the House Oversight Committee, “documents from S&P paint a similar picture.”

LIUNA acknowledges that while an independent Board Chairman at Moody’s and McGraw-Hill will not solve all of the problems at these companies, it is a needed step in the right direction.

Note: Richard Metcalf, LIUNA’s Director of Corporate Affairs will attend the shareholder meetings at Moody’s and McGraw-Hill. Media interested in a reaction to the meetings and the vote on the shareholder proposals filed by LIUNA should contact Jacob Hay at (202) 445-4788 or jhay@liuna.org to make arrangements.

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The half-million members of LIUNA – the Laborers’ International Union of North America – are on the forefront of the construction industry, a powerhouse of workers who are proud to build America.