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SEC Removes Barrier Preventing Shareholders from Voting On Corporate Accountability and Reform

Corporations Can No Longer Ignore Shareholder Proposals on CEO Succession

Washington, D.C. (October 27, 2009) – The Securities and Exchange Commission announced today that corporations may no longer ignore shareholder proposals on CEO succession planning, removing a barrier that has prevented investors from voting on corporate accountability and reform.

LIUNA Pension Funds have filed shareholder proposals at more than 70 corporations on issues including executive compensation, majority vote procedures and CEO succession planning. However, the SEC blocked many proposed reforms by issuing “no action” statements, telling corporations the agency would not require them to place the shareholder proposals on proxy statements. Since 2007, LIUNA Funds have been leaders advocating that Board of Directors have CEO succession planning in place and have engaged approximately 50 companies on that issue alone.

In past years, “no action” statements from the SEC effectively blocked proposals filed by LIUNA Pension Funds on CEO succession planning at several corporations including Bank of America, Merrill Lynch and Citigroup. This year, Whole Foods requested no action on a CEO succession planning proposal filed by LIUNA. The SEC has yet to rule on Whole Foods’ request, although today’s announcement indicates that the Company’s ability to omit the proposal from their proxy will not succeed.

LIUNA’s CEO succession proposals would require corporations to adopt and disclose a written and detailed CEO succession planning policy. At a time of increased CEO departures, succession planning is critical to the stability of a company. Studies show that companies without CEO succession plans spend more on executive compensation for new CEOs than companies with clearly defined transition policies. Best practices reports cite CEO succession planning as a key responsibility of a company’s Board of Directors.

“We are pleased that shareholders now have another tool to hold Wall Street corporations accountable,” said LIUNA General President, Terry O’Sullivan. “For far too long corporations were allowed to keep from shareholders the process they use to select new CEOs, resulting in escalating pay and decreased disclosure and accountability. This is a major victory for shareholders and we intend to file CEO succession proposals at a number of corporations this year.”

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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.