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COUNCIL OF INSTITUTIONAL INVESTORS DEPLORES SEC MOVE TO CURB INVESTOR RIGHTS

“This is a sad day for shareowners,” said Ann Yerger, executive director of the Council of Institutional Investors. “The Council of Institutional Investors is deeply disappointed that the Securities and Exchange Commission, which takes pride in its mission as the investor’s advocate, has adopted a rule that weakens investor protections.”

The rule bars shareowners from submitting a proxy resolution that asks a company’s board to allow owners to place their nominees for director alongside the board’s on the company’s proxy card. “The SEC’s action muffles the voice of shareowners in director elections,” Yerger said.

The Council has long urged the SEC to adopt rules that provide a limited path for long-term shareowners to nominate their own candidates on the company proxy card. “A measured right of access would invigorate board elections,” said Yerger. “It would make boards more responsive to shareholders, more thoughtful about whom they nominate to serve as directors and more vigilant in their oversight of companies.”

SEC Chair Chris Cox said he wants the commission to revisit the issue of shareowner access to the proxy next year, and only voted to close off avenues to access now to avoid legal confusion until a better rule is approved. But the SEC’s adoption of a no-access proposal will sow legal discord and is a step in the wrong direction. “It makes no sense for the commission to do the wrong thing now but promise to try to do the right thing next year,” Yerger said.

The Council of Institutional Investors (CII) is a nonprofit association of public, union and corporate pension funds with combined assets that exceed \$3 trillion. Member funds are major long-term shareowners with a duty to protect the retirement assets of millions of American workers.

The Council strives to educate its members and the public about corporate governance, and to advocate for strong governance standards at U.S. public companies. Corporate governance covers a spectrum of issues—from disclosure to enforcement—involving the relationship between shareowners, directors and managers of a company. Good corporate governance fosters transparency, responsibility, accountability and market integrity.