

In the Wake of Scandals

Like Enron and WorldCom

Investors Deserve A *True Voice* in Director Elections

THE SEC IS CONSIDERING RULES TO GIVE INVESTORS the ability to nominate and elect corporate board candidates — using the same proxy ballot as the board’s hand-picked nominees • When boards control their own

Open Access for Shareholders Is the Next Critical Step of Corporate Reform

membership, directors can be unaccountable and inattentive — opening the door to abusive executive compensation, fraud and other misconduct. We have seen it all too often. • If properly drafted, the SEC’s new rules will give shareholders the ability to use proxy materials to elect truly responsive directors, leveling the playing field with board-nominated candidates.

- A recent Harris Poll found nine out of 10 investors believe corporate misconduct has weakened investor confidence in the stock market.
- And eight of 10 investors want the right to offer investor-nominated board candidates through the proxy ballot.
- Another survey found 28 pension funds representing \$825 billion in assets support open access to director elections.

The SEC agrees: Reforms are needed.

Now let’s make sure the reforms are responsive and responsible by assuring they:

- ✓ **Protect against frivolous challenges** by requiring significant shareholder involvement.
- ✓ **Protect against corporate raiders** by limiting involvement to long-time shareholders.
- ✓ **Protect against hostile takeovers** by limiting the number of investor-nominated candidates to less than a majority.
- ✓ **Protect against unresponsive boards** by giving investors timely access to the ballot.

Support the Most Important Step Yet in Corporate Reform!

Support Open Access to Director Elections.

Send an email to CHAIRMANOFFICE@SEC.GOV today. Thank Chairman William Donaldson for starting the rule-making process and urge the SEC to adopt the right kind of rule that expands shareholder rights to reasonable and responsible access to proxy ballots. For more information go to www.calpers-governance.org.