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LIUNA Launches Most Aggressive Effort Yet on Behalf of Shareholders, Workers and Homeowners Impacted by Mortgage and Housing Market Crisis

Shareholder Proposals at 28 Corporations Aim to Ultimately Restore Confidence and Accountability in Industry

Washington, DC (November 15, 2007) – LIUNA – the Laborers’ International Union of North America – today announced the most aggressive effort yet by any institutional investor to protect workers’ pension funds and begin restoring confidence and accountability to the mortgage industry and housing market.

The effort includes shareholder proposals at 28 corporations.

“As many as 1 million residential construction workers will lose their jobs, up to 3 million homeowners face foreclosure and hundreds of billions of dollars in shareholder value have been destroyed because of a system riddled with conflicts of interest, lack of disclosure and lack of oversight,” said Terence M. O’Sullivan, LIUNA General President. “A crisis of this significance requires an equally significant response. We cannot stand idly by as workers’ pensions get hammered, jobs and homes are lost and our economy falls into a downward slide.”

The union, a leader in shareholder activism, has pension funds of \$32 billion held for its half-million collective bargaining members who work predominantly in the construction industry.

“The mortgage melt-down impacts LIUNA members as pension-holders, workers and homeowners,” O’Sullivan said. “We believe a real solution that restores confidence to the industry must be multi-pronged and include responsible shareholder proposals, legislative action and self-regulation by homebuilders, lenders and credit rating agencies.”

Shareholder proposals at corporations in which the union’s funds hold shares focus on three areas.

- *Proposals to help investors better understand existing and future mortgage securities risk.* Proposals have, or will be, filed with financial service and mortgage holding companies including Lehman Brothers, Washington Mutual and Bear Stearns. The proposals would require full discussion and disclosure of the types of mortgages bought and sold and their underlying value so that shareholders can accurately assess risk.

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- *Proposals to limit and disclose conflict of interest between credit rating agencies and the mortgage buyers and sellers who pay for those agencies' services.* Proposals at credit rating companies would require a cooling off period prior to hiring key staff from financial services and mortgage holding companies with whom they have done business, and would prohibit analysts from covering a company for more than five years. In addition, proposals at users of credit rating companies would require policies and procedures to disclose and limit conflicts of interest with credit rating agencies. Companies at which these proposals have, or will be filed, include Citigroup, IndyMac Bancorp, Wells Fargo, Moody's and Standard & Poors (McGraw-Hill).
- *Proposals that deal with the likelihood that numerous CEOs will be replaced due to the mortgage and housing market crisis.* These proposals include enacting and disclosing effective succession plans and executive compensation policies. Succession proposals have been filed at corporations including Merrill Lynch and Toll Brothers. Companies in which executive pay proposals have been filed include Goldman Sachs, Countrywide and Morgan Stanley.

“While we support holding CEOs accountable, it is in shareholders’ interests that orderly succession plans for leadership are in place,” O’Sullivan said.

In addition to its shareholder activism, LIUNA is calling for possible legislative and regulatory action.

“We realize that this is a large undertaking that will require constructive communication with the companies in which we own shares, collaborative work with numerous investors, the Securities and Exchange Commission, other regulatory agencies and Congress,” O’Sullivan said. “As with Enron, the scary fact is that the smartest guys in the room can’t tell us where bad mortgage debt is, how bad it is or how it got there.”

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