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**DIRECTORS RISK REMOVAL AS “VOTE NO” CAMPAIGNS THREATEN TO
MAKE THE 2010 PROXY SEASON A FORUM FOR OUTRAGE OVER
EXECUTIVE PAY, NEW SHAREHOLDER POWERS**

***Boards Can Regain Authority By Initiating Strategic Communications Programs
Ahead of Proxy Season***

CHICAGO, IL (December 29, 2009)—Widespread outrage over executive pay coupled with regulations strengthening shareholder power will place some directors at risk of poor showings in “Vote No” campaigns and even removal in the 2010 proxy season, said Karen Kane, an expert in strategic board communications.

“Boards of directors need to proactively manage their communication with shareholders to demonstrate that they are making meaningful improvements without waiting for a crisis or regulatory intervention to force change,” said Kane.

After a decade of governance failures, compensation excesses, and poor stock market performance, boards are struggling to regain respect, assert control over their growing responsibilities and redress public perception that boards merely rubber-stamp management actions.

“Boards can only assert their independence and authority by initiating effective communication programs with their shareholders,” said Kane. “Nor should boards wait for further regulation, but rather demonstrate they are following a roadmap to reach a future state that includes best practices that build competitive advantage.”

In reaction to the economic downturn, shareholders have voiced concerns about board oversight of effective performance-based compensation programs, including succession programs that ensure a steady supply of senior talent—not only for the CEO’s job but other executive management roles as well. Just as important in the aftermath of the financial crisis is the board’s risk oversight and its relationship to the company’s strategy.

“This is a pivotal time for directors to assert governance authority and independence by clearly and appropriately communicating with the shareowners of the company,” said



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Kane. New regulations—such as the end of broker voting and revised disclosure requirements—have created a challenging environment for directors. “Boards should be assessing their current practices, reviewing shareholder concerns and preparing a strategic communications agenda to inform key constituencies ahead of the 2010 proxy season.”

Karen Kane Consulting works with boards of directors to develop approaches that enable them to anticipate reputation threats and leverage opportunities to initiate effective dialogue with shareholders and the public.

For more information on this topic or to schedule an interview, please contact Karen Kane at 630-645-3840 or Karen@karenkaneconsulting.com.