



FORWARD SALE CONTRACTS CAUSE FOR SHAREHOLDER CONCERN

FOR IMMEDIATE RELEASE

Portland, Maine; July 22, 2009 – Companies that allow forward sale contracts require additional vigilance on the part of investors, according to a new [report](#) from The Corporate Library, an independent corporate governance and executive compensation research firm. A forward sale contract is a stock sale arrangement whereby an executive agrees to sell, at some point in the future, a specific number of shares and receives immediate payment of cash (e.g., from a brokerage firm) for a portion of the sale price. If the stock price falls, the brokerage takes the loss; if it goes up, the executive shares in at least some of the profits with no downside risk.

“Prepaid forward arrangements are not acceptable good governance,” said Senior Research Associate Paul Hodgson, author of the report. A common reason given for executives to use forward sale contracts is to diversify their holdings of company stock; however, Mr. Hodgson said, “If these individuals do not want to hold company stock and be exposed to the risk, they should refuse stock when the company offers it to them as compensation.”

The report offers advice for shareholders who wish to identify companies that prohibit forward sale contracts and lists the names of several companies that allow them. It also lists several companies that have banned the practice.

The report, titled “Investing in Corporate Governance: Forward Sales,” is available for \$15 from The Corporate Library’s online store at <http://www.thecorporatelibrary.com/info.php?id=76>. For additional insights, see Mr. Hodgson’s blog post about forward sale contracts at <http://blog.thecorporatelibrary.com/blog/2009/07/forward-sales-why-lose-your-own-money-when-you-can-lose-someone-elses.html>.

Subscribers to The Corporate Library’s Board Analyst[®], the premiere resource for corporate governance and executive compensation information and risk analysis, have access to tools that help screen for pay-related factors such as forward sale contracts that may contribute to investment risk. For more information about Board Analyst, visit The Corporate Library’s website at www.thecorporatelibrary.com.

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About The Corporate Library

Now celebrating its tenth year, The Corporate Library is an independent research firm that provides corporate governance information products, research services and data to a broad variety of clients including institutional investors, corporations, D&O liability insurers, law firms, accounting firms, executive search firms, academic institutions and the media. The Corporate Library produces the definitive ratings of U.S. corporate boards of directors, allowing businesses that subscribe to the service to evaluate governance as an element of investment and other risk. The Corporate Library is also a leading publisher of corporate governance reports and studies, including reports on CEO employment contracts, governance practices, mutual fund proxy voting, and executive and director compensation, which its analysts compile using its extensive database of over 3,200 public companies and over 47,000 executives and directors. Additional information

on The Corporate Library and its suite of online corporate governance data and analysis products can be found on its website at www.thecorporatelibrary.com.

Contact:

Cheri Grimmert

Media Relations, The Corporate Library

media@thecorporatelibrary.com

207 553-5604