NEW YORK CITY PENSION FUNDS

E — ENVIRONMENTAL

S — SOCIAL

G — GOVERNANCE

2012 SHAREOWNER INITIATIVES

POSTSEASON REPORT

New York City Comptroller
John C. Liu

FALL 2012

TABLE OF CONTENTS

Environmental, Social and Governance Program Overview 1
- Proxy Voting 1
- Shareowner Initiatives 2

2012 Shareowner Initiative Highlights 2

2012 Summary Statistics 4

Corporate Governance Initiatives 5
- Shareowner Access to the Proxy to Nominate Directors 6
- Independent Review of Bank Mortgage and Foreclosure Practices 7
- Majority Vote Standard for Director Elections 8
- Board Declassification 8
- Independent Board Chairman 9
- Executive Compensation – Clawbacks and Compliance 10
- Limit Change-in-Control Payments 11
- Executive Compensation - Multiple Performance Metrics 11

Environmental and Social Issue Initiatives 12
- Workplace Diversity/EEO-1 Report Disclosure 13
- Sexual Non-Discrimination – Sexual Orientation/Gender Identity 13
- Political Spending Disclosure 14
- Climate Change – Adopt Quantitative Goals for GHG Emissions Reductions 14
- Sustainability Reporting 15
- Supply Chain Sustainability 16
- Energy Efficiency/TV Set-Top Boxes 17

2012 Shareowner Proposal Results by Issue 18

2012 Shareowner Proposal Results by Issue (continued) 19

2012 Shareowner Proposal Results by Company 20

2012 Shareowner Proposal Results by Company (continued) 21

ENVIRONMENTAL, SOCIAL AND GOVERNANCE PROGRAM OVERVIEW

The New York City Comptroller, as investment adviser to the five New York City pension funds (collectively "the NYC Funds"), is responsible for voting the funds' domestic proxies and developing and implementing the funds' shareowner initiatives. The NYC Funds are:

- New York City Board of Education Retirement System (BERS)
- New York City Employees' Retirement System (NYCERS)
- New York City Fire Department Pension Fund (Fire)
- New York City Police Pension Fund (Police)
- New York City Teachers' Retirement System (TRS)

Consistent with the fiduciary obligations of the funds' boards of trustees, the proxy voting and shareowner initiatives programs actively promote sustainable business practices at portfolio companies in order to protect and enhance the long-term value of the funds' investments.

PROXY VOTING

For the 12 months ending June 30, 2012 (which corresponds to the City's fiscal year), the Comptroller's Office voted at 3,359 annual and special meetings for portfolio companies. Of all votes cast, 76.1 percent were for the management-recommended vote. Major proxy voting issues included: (a) management proposals to elect directors, ratify auditors, approve executive compensation, and approve mergers and acquisitions; and (b) shareowner proposals on a wide range of environmental, social and governance (ESG) policies and practices.

In accordance with the City pension funds' proxy voting guidelines, the Comptroller's Office generally votes in favor of proposals to strengthen board of director independence and accountability, align executive pay with long-term performance, and promote sustainable and responsible business practices. During fiscal 2012, these included, but were not limited to, shareowner proposals calling on companies to name an independent board chair, disclose corporate political and lobbying spending, prepare an annual sustainability report, enhance disclosure relating to hydraulic fracturing and other environmental risks, report on steps taken to improve worker safety in the energy industry, and uphold basic human and worker rights.

SHAREOWNER INITIATIVES

In addition to proxy voting, the NYC Funds also pro-actively advance ESG reforms at select companies in which they are shareowners. The NYC Funds are among the most active institutional investors in terms of filing shareowner proposals and also engage with portfolio companies through letters and dialogue, often in collaboration with other institutional investors. Finally, in certain circumstances of egregious board failure, the NYC Funds may publicly oppose the election of directors by leading "vote no" campaigns or publicly supporting "vote no" efforts led by other shareowners.

The Environmental, Social and Governance (ESG) program of the New York City Comptroller's Office develops and implements the programs of the five funds, including constructive engagement with the management and boards of directors of portfolio companies. The ESG program staff present the proposed programs to the Proxy Committee of each fund for review and approval. Each Proxy Committee acts on behalf of its respective Board of Trustees.

The following report summarizes the results of the NYC Funds' 2012 shareowner initiatives programs.

2012 SHAREOWNER INITIATIVE HIGHLIGHTS

The NYC Funds submitted 61 shareowner proposals advancing various ESG reforms at 58 portfolio companies for 2012 and sought similar reforms from more companies via letters to management or directors, sometimes in collaboration with other institutional investors.

Responsive companies took meaningful steps to align executive pay with long-term performance, enhance director accountability, promote workplace diversity, promote transparency and sustainability in their global supply chain, including with respect to human and worker rights, and disclose corporate political spending. Among the highlights:

- Goldman Sachs, JP Morgan and Morgan Stanley agreed to clarify that their clawback policies empower the board of directors to recoup compensation from executives who take excessive risks or engage in improper conduct that causes significant financial or reputational harm to the firm, as well as from their supervisors.
- Apple, Cisco, Dell, Hewlett Packard, Intel, and Oracle agreed to promote greater transparency of their suppliers' compliance with internationally recognized standards on workplace safety, human and worker rights, and environmental responsibility by requiring or encouraging key global suppliers to prepare annual sustainability reports.
- Goldman Sachs and MetLife agreed to provide annual disclosure detailing the composition of their workforce by race and gender across major job categories, including senior management.
- Constellation Brands and Dick's Sporting Goods adopted policies prohibiting discrimination based on gender identity and sexual orientation.
- Energizer Holdings agreed to eliminate tax gross-ups with its change-in-control payments, and Coventry Health Care agreed to adopt multiple weighted metrics in setting executive compensation.
- Juniper Networks agreed to take steps to require all directors to stand for election annually, and Forest Oil Corp., Hersha Hospitality Trust and HollyFrontier Corporation adopted majority voting for director elections.
- Tenet Healthcare agreed to disclose its direct and indirect political spending.

Eight of the 31 proposals that went to a vote received majority support, including both proposals that the NYC

Funds submitted seeking shareowner access to the corporate proxy to nominate directors. Several social and environmental proposals received noteworthy support. Among the highlights:

- A proposal to grant substantial, long-term shareowners the right to include a minority slate of nominees in the company's proxy statement received a 62.3 percent vote at Chesapeake Energy and a 56.2 percent vote at Nabors Industries, confirming widespread investor support for this fundamental governance reform.
- A proposal at WellCare calling for board of director oversight and disclosure of corporate political spending received a 52.6 percent vote, the only majority vote on an issue that was again the subject of the most shareowner proposals this year.
- A proposal requesting an annual sustainability report using the Global Reporting Initiative — and specifically addressing greenhouse-gas (GHG) emissions, water conservation, waste minimization and energy efficiency — received 47.6 percent at Avalon Bay and 45.1 percent at Equity Residential. Both companies are residential REITs with substantial real estate holdings in New York City.
- A proposal requesting that the board adopt a policy prohibiting employment discrimination based on sexual orientation and gender identity received greater support compared to 2011 at each of the four companies at which it was resubmitted.

Finally, this year the NYC Funds' led "vote no" campaigns opposing the election of directors at two companies with particularly acute governance failures and a history of unresponsiveness to shareowners. In each case, Comptroller Liu sent a letter to company shareowners detailing the NYC Funds' concerns with the individual directors.

- The NYC Funds opposed five Wal-Mart directors – including the Chairman, CEO, former CEO and two audit committee members – following an April 2012 report of a cover-up in 2005 and 2006 of alleged widespread bribery in Mexico, which occurred at the same time the audit committee ignored repeated demands from a NYC Fund-led investor group for a comprehensive, independent compliance review. Excluding the Walton family, which controls almost 50 percent of the company, unaffiliated shareowners cast about 31 percent to 38 percent of their votes against the directors.
- The NYC Funds opposed the only two directors – Richard Davidson and V. Burns Hargis – standing for election at Chesapeake Energy, both of whom sat on the audit committee, following revelations of substantial, previously unreported related-party transactions involving the CEO that the board had neither reviewed nor approved. The campaign added to pressure from two investment firms that ultimately secured four seats on the board. Despite positive last-minute governance and board changes, shareowners cast 73 percent and 74 percent of their votes, respectively, against directors Davidson and Hargis, the highest opposition vote against directors in an uncontested election at an S&P 500 company; the board accepted Mr. Davidson's resignation but rejected Mr. Hargis's resignation.

2012 SUMMARY STATISTICS

SUMMARY FILING STATISTICS BY PROPOSAL, 2012

	Total Filed	Omitted	Adopted/ Settled	Other[1]	Voted
Corporate Governance					
Shareowner Access to the Proxy	2	--	--	--	2
Independent Mortgage/Foreclosure Review	3	--	--	--	3
Majority Voting	5	--	3	1	1
Board Declassification	5	--	1	--	4
Independent Board Chair	2	--	--	--	2
Executive Pay – Clawbacks & Compliance	4	--	3	--	1
Limit Change in Control Payments	1	--	1	--	--
Multiple Weighted Metrics	4	--	1	1	2
Subtotal	26	0	9	2	15
Environmental & Social Issues					
EEO Report Disclosure	2	--	1	--	1
Sexual Non-Discrimination	6	--	2	--	4
Political Spending Disclosure	9	--	1	1	7
Adopt Quantitative GHG Reduction Goals	2	--	--	1	1
Sustainability Reporting	3	1	--	--	2
Supply Chain Sustainability	7	--	5	1	1
Energy Efficiency - Set-Top Boxes	6	1	5	--	--
Subtotal	35	2	14	3	16
Total	**61**	**2**	**23**	**5**	**31**

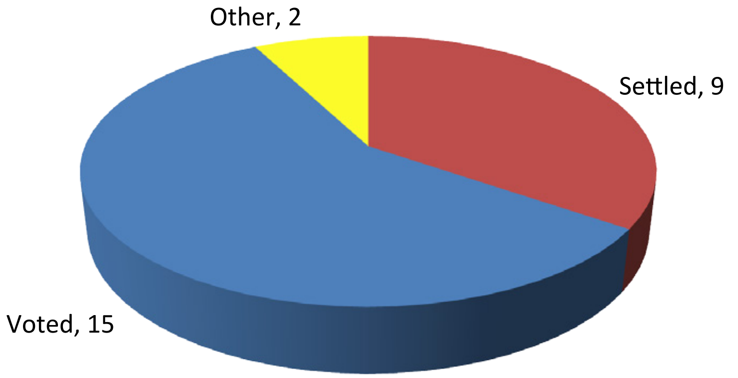
[1]Includes pending proposals and those withdrawn or not voted for reasons other than a negotiated settlement.

The Comptroller's Office generally, but not necessarily, files individual shareowner proposals on behalf of all five pension funds. For 2012, the only exceptions were at three companies that each received two proposals from the Comptroller's Office, in which case the five funds were split between the two proposals. These instances are noted in the below tables.

CORPORATE GOVERNANCE INITIATIVES

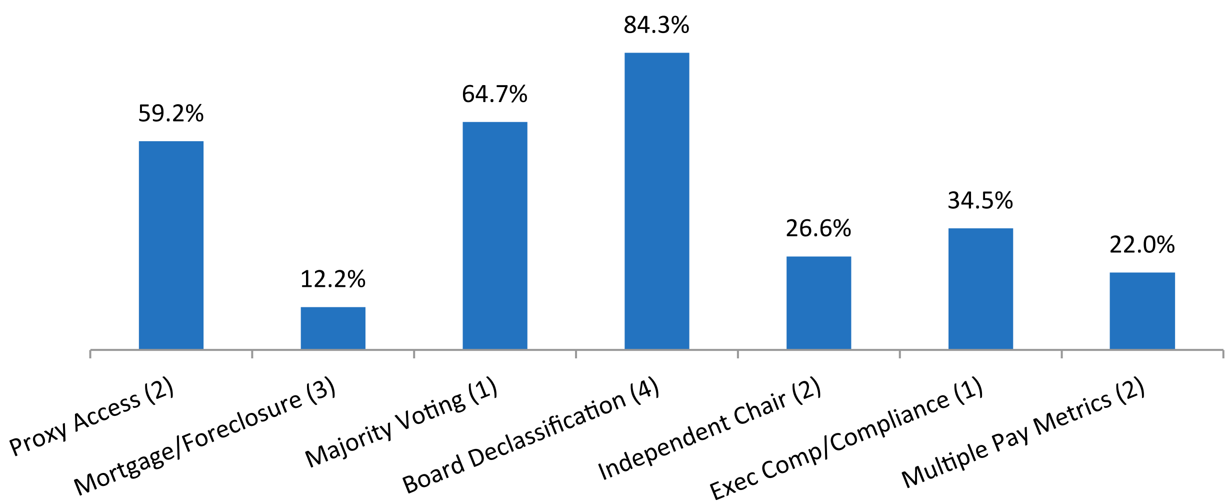
The Comptroller's Office withdrew nine of the 26 corporate governance proposals after the companies agreed to adopt the requested reform either in whole or in part, or took steps to address the NYC Funds' underlying concerns. In most cases, the companies either adopted more robust executive compensation clawback policies or strengthened board of director accountability (e.g. by adopting majority voting for director elections).

CORPORATE GOVERNANCE PROPOSALS, 2012



Fifteen corporate governance proposals went to a vote, seven of which received majority support.

AVERAGE VOTE BY CORPORATE GOVERNANCE ISSUE



SHAREOWNER ACCESS TO THE PROXY TO NOMINATE DIRECTORS

	2012
Chesapeake Energy Co.	62.3%
Nabors Industries[1]	56.2%

[1]Co-sponsored by CalSTRS, Connecticut, Illinois (ISBI) and North Carolina.

The NYC Funds submitted proposals calling on Chesapeake Energy and Nabors Industries to amend their bylaws to allow substantial, long-term shareowners to include their director nominees in the company's proxy statements. This fundamental board accountability reform would enable shareowners to avoid the substantial cost of sending out their own proxy cards when they are dissatisfied with a board and want to run their own director candidates.

The specific terms in the proposals mirrored those in a Securities and Exchange Commission (SEC) rule approved in 2010 that the U.S. Chamber of Commerce and Business Roundtable successfully challenged in federal court: Shareowners holding at least three percent of the stock for three years could nominate up to 25 percent of the board and place the names on the ballot.

The U.S. Chamber's lawsuit did not challenge a separate provision of the rule, which took effect in September 2011, permitting shareowners to file proposals seeking proxy access rights at individual companies for the first time since 2007. As a result, shareowners submitted proposals seeking proxy access on a variety of terms at more than 20 companies for the 2012 proxy season.

The NYC Funds submitted the proposals at Chesapeake and Nabors in response to longstanding concerns with each board's independence from management and history of approving excessive CEO compensation and ignoring shareowner concerns. The Nabors' proposal was co-sponsored by the California State Teachers' Retirement System, the Connecticut Retirement Plan and Trust Fund, the Illinois State Board of Investment, and the North Carolina Retirement Systems.

Both proposals received majority shareowner support at the companies' June 2012 annual meetings, confirming that broad investor support exists for proxy access rights that include reasonable ownership and holding period requirements. Neither company had responded to the majority vote as of August 30, 2012.

INDEPENDENT REVIEW OF BANK MORTGAGE AND FORECLOSURE PRACTICES

	2011	2012
Bank of America Corporation[1]	39.5%	15.8%
Citigroup, Inc.	29.2%	14.3%
Wells Fargo & Company[2]	22.8%	6.4%

[1] Co-sponsored by five public and Taft Hartley pension funds, three faith-based investors and a socially-responsible investor.

[2] Co-sponsored by NY State and Illinois (ISBI).

The NYC Funds resubmitted proposals calling on the audit committees of three major banks to conduct independent reviews of internal controls related to loan modifications, foreclosures, and securitizations, and report the findings to shareowners. The proposals were first submitted in November 2010 in response to reports of widespread irregularities in the banks' mortgage and foreclosure practices. The irregularities, including missing or faulty documentation and possible fraud, had harmed homeowners and exposed the banks to extraordinary legal and regulatory scrutiny.

In February 2012, the U.S. Justice Department, the Department of Housing and Urban Development, and 49 state attorneys general announced a $25 billion national mortgage settlement with the five largest mortgage servicers, including the three banks that received the NYC Funds' proposal for 2012. The settlement addresses many problematic practices highlighted in the NYC Funds' proposal, which contributed to the significant drop in shareowner support for the proposal at the banks' spring 2012 annual meetings.

Specifically, as part of the settlement, the banks are required to more effectively supervise third parties retained by mortgage servicers, such as law firms and call centers; evaluate borrowers for all available loss-mitigation options before starting the foreclosure process; and provide about $20 billion in consumer relief to eligible homeowners in the form of debt forgiveness, forbearance, short sales, and refinancing assistance.

MAJORITY VOTE STANDARD FOR DIRECTOR ELECTIONS

	2012
Forest Oil Corp.	Withdrawn
GEO Group	64.7%
Hersha Hospitality Trust	Adopted
HollyFrontier Corporation	Adopted
Southern Union Co.	Acquired

Two portfolio companies, Hersha Hospitality Trust and HollyFrontier (formerly Frontier Oil), adopted majority voting for director elections after receiving proposals from the NYC Funds. A third focus list company, Forest Oil, filed a Form 8-K with the SEC the day after the funds submitted their proposal disclosing that it had adopted majority voting two days prior. The proposal received strong majority shareowner support at the GEO Group, the only company at which it went to a vote in 2012.

In response to shareowner engagement, nearly 80 percent of S&P 500 companies have adopted a majority vote standard in less than a decade, according to Institutional Shareholder Services Inc. (ISS). Only 34 percent of Standard & Poor's (S&P) MidCap companies and 15 percent of SmallCap companies have adopted majority voting, however, underscoring the NYC Funds' focus on these smaller portfolio companies.

BOARD DECLASSIFICATION

	2011	2012
Airgas Inc.[1]	-	64.1%
CF Industries Holdings, Inc.[1]	-	92.8%
Juniper Networks	97.5%	Adopted
Lorillard, Inc.[2]	-	97.4%
Energen Corporation	-	83.1%

[1]Co-sponsored proposal submitted by LA County Employees Retirement Association.
[2]Co-sponsored proposal submitted by Illinois State Board of Investment.

Juniper Networks agreed to take steps to require that all directors stand for annual election after the NYC Funds resubmitted the board declassification proposal for 2012. The board's decision to declassify had been expected, given that the proposal received near unanimous shareowner support in 2011, in part because it was not opposed by management. The proposal received majority shareowner support at the four companies at which it went to a vote in 2012: Airgas, CF Industries, Lorillard, and Energen.

Classified boards, in which directors serve staggered multi-year terms, insulate directors from annual accountability to shareowners and can serve as an anti-takeover device. Academic studies have also shown that classified boards are linked to lower shareowner returns.

Largely in response to shareowner engagement, the prevalence of classified boards has declined markedly over the past 15 years, especially at large-cap companies. About one-fifth of the companies in the S&P 500 had classified boards at the beginning of the 2012 proxy season, down from more than 300 in 1998. However, more than half of the companies in the S&P 400 MidCap and S&P 600 SmallCap still have classified boards.

INDEPENDENT BOARD CHAIRMAN

	2011	2012
Mylan Inc.	-	35.5%
Phillip Morris International	23.0%	17.7%

The NYC Funds submitted proposals calling for an independent board chairman at two S&P 500 companies, Mylan Inc. and Phillip Morris International. At present, the CEO is also board chairman at both companies, an inherent conflict of interest because the board is tasked with independently overseeing the CEO.

The prevalence of companies with an independent chairman is on the rise. According to a July 2012 ISS report, 21.5 percent of S&P 500 firms had an independent chair in 2012, up from 18.1 percent in 2010. Independent chairs are somewhat more prevalent at smaller companies.

A June 2012 report by GMI Ratings found that five-year shareowner returns are nearly 28 percent higher at companies with a separate CEO and chair. (The study only looked at whether the roles were separate, not whether the chairman was independent.) The study, which focused on 180 North American companies with market capitalization of $20 billion or more, also found that companies with a separate chair and CEO pay more to their CEO than the combined cost of a CEO and a separate chairman and appear to present greater risk for ESG and accounting risk, based on GMI ratings.

EXECUTIVE COMPENSATION – CLAWBACKS AND COMPLIANCE

	2012
Goldman Sachs[1]	Substantially adopted
JPMorgan	Substantially adopted
Morgan Stanley	Substantially adopted
Abbott Laboratories[2]	34.5%

[1]Co-sponsored by UAW Retirees Medical Benefits Trust (RMBT).
[2]Related proposal not clawback-specific; co-sponsored by Amalgamated Bank, F&C Asset Management, New York State, and UAW RMBT.

The NYC Funds submitted shareowner proposals to four companies seeking to both increase financial accountability for senior executives and encourage more effective legal and regulatory compliance. The proposal submitted to three major banks – Goldman Sachs, JPMorgan and Morgan Stanley – specifically sought to strengthen executive-compensation "clawback" policies. All the three of the banks have come under scrutiny for improper practices leading up to the financial crisis, and each has paid more than $100 million in recent years to settle state or federal charges in connection with mortgage securities.

The proposal submitted to the fourth company, pharmaceutical giant Abbott Laboratories, called for a policy to prohibit the board from adjusting financial performance metrics to exclude compliance costs when evaluating performance against financial results for purposes of determining incentive compensation for senior executives. Abbott has paid billions in fines and settlements in recent years for Medicare fraud, off-label marketing of its drugs, and other violations, including a $1.5 billion settlement in May 2012 with federal and state authorities in connection with alleged off-label marketing of its anti-seizure drug Depakote.

In response to the clawback proposal at the banks, Goldman Sachs agreed to clarify that its clawback policy can be triggered when excessive risk taking or improper conduct causes, or could reasonably be expected to cause, a material adverse impact on a particular business unit, and not just on the firm as a whole. It also agreed to clarify that the policy covers all employees involved in the underlying product, service, or transaction, including those who participated in a supervisory role. Morgan Stanley, whose policy did not include the term "material," agreed to disclose that its recently expanded clawback policy could permit recovery of compensation for failure to appropriately supervise or manage an employee.

Finally, JPMorgan agreed to disclose that the materiality threshold required to trigger its clawback provisions is not limited to an impact on the firm as a whole, but also on a business or sub-business. The firm also agreed to clarify that that its clawback provisions would apply to acts or omissions and that they could apply to persons in a supervisory role.

In May 2012, less than two months after JPMorgan agreed to clarify its clawback provisions, the bank disclosed trading loss in its Chief Investment Office of at least $2 billion. In July, the bank announced that three executives responsible for the trading loss, which had grown to as much as $5.8 billion, would be subject to maximum clawbacks, reportedly equal to about twice their annual compensation.

The Funds filed the related proposal at Abbott in response to concerns with the company's practice of excluding compliance costs when calculating earnings for the purposes of determining incentive compensation for senior executives; in 2010, for example, the company adjusted net earnings by six cents per share, for the purposes of determining executive bonuses, to exclude the costs of a product recall and drug withdrawal. The first-time proposal received a 34.5 percent vote.

LIMIT CHANGE-IN-CONTROL PAYMENTS

	2012
Energizer Holdings	Partially Adopted

The Comptroller's Office withdrew its shareowner proposal requesting that Energizer Holdings limit change-in-control payments to no more than 2.99 times the five-year average of the executive's taxable compensation, including bonuses, other incentive payments, and other taxable payments triggered by a change-in-control.

Energizer agreed to eliminate tax gross-ups, in which the company pays the executive's tax penalty triggered by the excessive severance payment. The company adopted a "best-net" approach, in which the executive would receive the full change-in-control payment and be responsible for all taxes, except that the payments would be reduced to an amount below the threshold under federal tax law if it would be more favorable to the executive on an after-tax basis.

EXECUTIVE COMPENSATION - MULTIPLE PERFORMANCE METRICS

	2012
Constellation Brands[1]	22.9%
Coventry Health Care[2]	Adopted
Oracle Corporation[1]	Oct. meeting
Rite Aid Corporation	21.0%

[1]Police and BERS only. [2]TRS and BERS only.

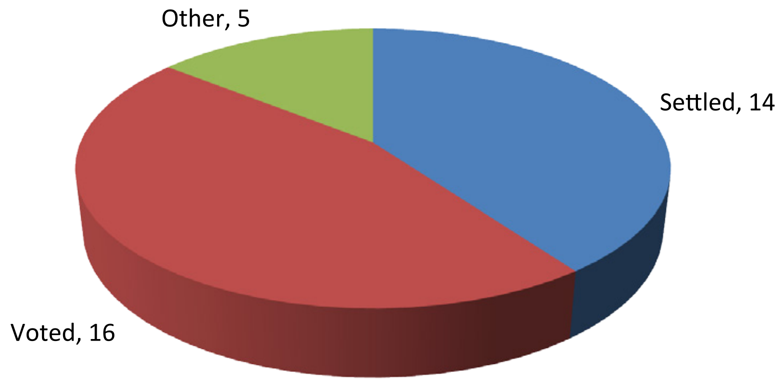
The NYC Funds submitted a proposal at three companies requesting that the compensation committee, in setting performance measures for top executives, include multiple weighted metrics that correctly reflect both individual and business accomplishments over an established multiyear period. The proposals also requested that the committee disclose to shareowners any changes made in the basket of metrics during the multiyear period.

Coventry Health Care responded to the proposal by adopting multiple metrics for its 2012 long-term incentive program. The proposal went to a vote at Constellation Brands and Rite Aid, where it received the support of 22.9 percent and 21.0 percent of shareowners, respectively. Rite Aid, however, has high inside ownership, including by the Jean Coutu Group, from which it acquired 1,854 Brooks and Eckerd drug stores and six distribution centers in 2007 in return for stock. Excluding these shares, the Comptroller's Office estimates that unaffiliated shareowners cast 34.4 percent of their votes in support of the proposal at the drug store chain.

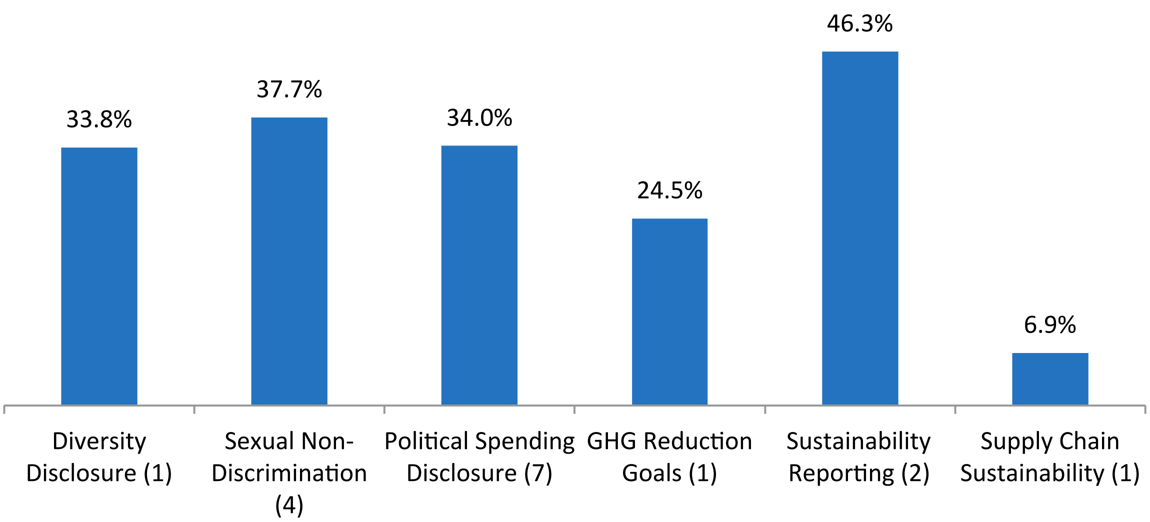
ENVIRONMENTAL AND SOCIAL ISSUE INITIATIVES

The Comptroller's Office withdrew 14 of the 35 environmental and social proposals after the companies agreed to adopt the requested reform, either in whole or in part. Sixteen proposals went to a vote, including one that received majority support, and five more proposals were not voted because of omission of the proposal, acquisition or bankruptcy of the company, or a pending shareowner meeting.

ENVIRONMENTAL AND SOCIAL PROPOSALS, 2012



AVERAGE VOTE BY ENVIRONMENTAL/SOCIAL ISSUE



WORKPLACE DIVERSITY/EEO-1 REPORT DISCLOSURE

	2012
Goldman Sachs[1]	Substantially Adopted
MetLife, Inc.	Substantially Adopted
Omnicom Group	33.8%

[1]Goldman Sachs agreed to the disclosure request in response to a letter from Comptroller Liu and therefore did not receive a shareowner proposal.

In fall 2011 letters, Comptroller Liu requested that seven major financial services and advertising firms annually disclose the EEO-1 report that companies with more than 100 employees are required to file with the U.S. Equal Employment Opportunity Commission. The Funds later reiterated the request in shareowner proposals to the two U.S. companies, MetLife and Omnicom, that did not respond to the letter.

The requests were part of an ongoing effort to expand opportunities for women and minorities and shrink the gap that has kept many of them from obtaining management jobs in the financial services and advertising industries. Both industries have wide and enduring employment disparities, especially in senior positions.

Companies in both industries often cite their commitment to increasing diversity and describe their various efforts to recruit, retain, and promote minorities and women. Disclosure of the EEO report data, which details the composition of the company's workforce by race and gender across employment categories, would allow shareowners to evaluate and benchmark the effectiveness of these efforts.

In response to the requests, Goldman Sachs and MetLife agreed to provide meaningful disclosure of the composition of their U.S. workforce by race and gender across major job categories, including senior management. As a result of these agreements, the seven largest bank holding companies in the U.S. now provide meaningful disclosure on the composition of their domestic workforce.

The Comptroller's Office faced greater resistance to disclosure from the advertising industry. The proposal submitted to Omnicom went to a vote at the company's annual meeting and received a 33.8 percent vote.

SEXUAL NON-DISCRIMINATION – SEXUAL ORIENTATION/GENDER IDENTITY

	2010	2011	2012
Anadarko Petroleum Corporation[1]	39.3%	33.6%	43.2%
Constellation Brands[2]	-	-	Adopted
Crosstex Energy	22.4%	22.3%	37.8%
Dick's Sporting Goods	-	-	Adopted
Leggett & Platt	40.4%	41.1%	42.4%
TECO Energy	34.4%	25.7%	27.5%

[1]Gender identity only. [2] NYCERS, TRS and Fire

The NYC Funds submitted proposals requesting that five companies expand their equal employment opportunity policies to prohibit discrimination based on sexual orientation and gender identity. The proposal at a sixth company, Anadarko Petroleum, addressed discrimination based on gender identity only in recognition of the company's existing policy prohibiting discrimination based on sexual orientation.

Constellation Brands and Dick's Sporting Good, the two companies that had not previously received the proposal, agreed to adopt it before their annual meetings. The proposal once again went to a vote at the remaining four companies and in all cases received stronger support than last year.

POLITICAL SPENDING DISCLOSURE

	2010	2011	2012
Charles Schwab	33.2%	30.9%	23.5%
Coventry Health Care, Inc.[1]	46.0%	44.2%	48.6%
DTE Energy	31.6%	27.5%	28.7%
FedEx	-	27.7%	25.5%
Medco Health Solutions	-	-	Acquired
Regions Financial	33.4%	27.8%	38.2%
Sprint Nextel	41.2%	53.3%	20.9%
Tenet Healthcare[2]	-	-	Adopted
WellCare Health Plans, Inc.[3]	23.3%	42.4%	52.6%

[1]NYCERS, Police and Fire only; co-sponsored by Amalgamated Bank.
[2]Co-sponsored proposal submitted by Nathan Cummings Foundation.
[3]Co-sponsored proposal submitted by Amalgamated Bank.

The NYC Funds submitted proposals at nine companies, including seven resubmissions, calling for board oversight and disclosure of all direct and indirect corporate political spending. Proposals on corporate political spending represented more than 65 percent of the socially related proposals submitted by shareowners for 2012, according to Glass Lewis, reflecting the depth of investor concern following the Supreme Court's January 2010 Citizens United decision permitting corporations to make unlimited independent political expenditures from the corporate treasury.

Tenet Healthcare, one of the two new focus companies that received the Funds' proposal, agreed to adopt the proposal. The proposal went to a vote at seven companies, including a 52.6 percent vote at WellCare Health Plans, the only majority vote on the issue in the 2012 proxy season.

CLIMATE CHANGE – ADOPT QUANTITATIVE GOALS FOR GHG EMISSIONS REDUCTIONS

	2010	2011	2012
Dynegy, Inc.	16.1%	8.5%	Bankruptcy
GenOn Energy, Inc.	-	16.7%	24.5%

Continuing our close collaboration with CERES, the NYC Funds re-submitted proposals at two companies requesting that the board adopt quantitative goals, based on current technologies, for reducing greenhouse gas emissions from the company's products and operations and report to shareowner on their plans to achieve these goals. The proposal received a 24.5 percent vote at GenOn Energy, a significant rise from 16.7 percent in 2011; Genon subsequently announced in July 2012 that it is being acquired by NRG. The second company, Dynegy, declared bankruptcy and therefore did not hold its 2012 shareowner meeting.

SUSTAINABILITY REPORTING

	2010	2011	2012
Avalon Bay	-	-	47.6%
Equity Residential	-	-	45.1%
MGM Resorts	21.2%	17.9%	Omitted

The NYC Funds submitted proposals at three companies, including two leading residential real estate investment trusts (REITs) with large holdings in New York City, requesting that the board publish an annual report on the company's sustainability policies and performance, including multiple, objective statistical indicators.

A 2011 study by Harvard Business School's Robert Eccles and two co-authors found that "high sustainability" companies—early voluntary adopters of environmental and social policies—outperformed "low sustainability" companies in terms of both stock market and accounting performance over an 18-year period.

The proposals recommend using the Sustainability Reporting Guidelines promulgated by the Global Reporting Initiative (GRI) to prepare the report. The GRI Guidelines, which are considered the gold standard for sustainability reporting, address direct economic impact, environmental practices, labor practices, work conditions, human rights, and social and product responsibility to the extent applicable to a particular company's operations. More than 900 companies use or consult the Guidelines for sustainability reporting.

The proposal submitted to the two REITs, Avalon Bay and Equity Residential, received strong shareowner support. The REIT proposals specifically requested disclosures relating to greenhouse gas emissions, water conservation, waste minimization, energy efficiency, and other environmental and social impacts the board deems relevant to the company's business.

The third company, MGM Resorts, sought no action relief from the SEC on the basis that it had already implemented the proposal, a request that the Comptroller's Office challenged on grounds that the company's existing sustainability report failed to address fundamental social issues, such as labor relations, health and safety, corruption, and impacts on its customers (such as from its many casinos). The SEC, however, sided with MGM.

SUPPLY CHAIN SUSTAINABILITY

	2012
Apple-	Substantially adopted
Cisco Systems, Inc.	Substantially adopted
Dell Inc.	Substantially adopted
Hewlett-Packard Company	Substantially adopted
Intel Corporation	Substantially adopted
Motorola Solutions	6.9%
Oracle Corporation[1]	Substantially adopted

[1]NYCERS, TRS and Fire only.

Continuing their efforts to increase the transparency of the global supply chains of major portfolio companies, the funds submitted proposals to seven technology companies on supply chain sustainability reporting. Specifically, the proposal called for the board of directors to take the steps necessary to have the company's suppliers publish annual sustainability reports that, among other disclosures, would include objective assessment and measurement of performance on human and worker rights, using international recognized standards, indicators, and measurement protocols.

The UN Global Compact-Accenture CEO Study 2010, "A New Era of Sustainability," found that 93 percent of surveyed CEOs believe that sustainability issues will be critical to the future success of their business, and 88 percent believe that they should be integrating sustainability through their supply chain, where the most significant performance gap arises. While many companies have programs to monitor and audit the human and worker rights practices of their global suppliers, even the most independent and effective programs are insufficient. The actions requested by the shareowner proposal would complement these programs by bringing needed transparency to the global supply chain.

The Comptroller's Office reached withdrawal agreements with six of the companies, all of which currently or will soon require or encourage major suppliers to produce sustainability reports, although specific commitments varied among firms. The proposal went to a vote at Motorola Solutions, where it received a 6.9 percent vote.

ENERGY EFFICIENCY/TV SET-TOP BOXES

	2012
AT&T, Inc.	Omitted
Cablevision	Withdrawn
Comcast Corp.	Withdrawn
Dish Network Corp.	Withdrawn
Time Warner Cable Inc.	Withdrawn
Verizon Communications Inc.	Withdrawn

The NYC Funds submitted proposals to six companies that provide cable television service requesting that the board of directors publish a report disclosing the actions that the company is taking to address: (1) rising public concern about the high costs to households from the inefficient consumption of electricity by the set-top boxes; and (2) evolving regulatory policies, such as the EPA's new Energy Star requirements for TVs, and cable and satellite TV converter boxes.

The proposals followed a June 2011 report by the Natural Resources Defense Council (NRDC) that found that TV set-top boxes owned and installed in U.S. homes by service providers consumed some 27 billion kilowatt-hours of electricity, equal to the annual output of nine average (500MW) coal-fired power plants, resulting in 16 million metric tons of carbon dioxide emissions, and costing households more than $3 billion annually.

According to the NRDC report, the boxes are essentially always on and, as a result, 66 percent of the power is wasted when no one is watching television or recording shows. While more energy-efficient set-top boxes exist, the report suggested that industry has been slow to deploy them because they take longer to start-up and because the companies do not bear the electricity costs required to run the less efficient boxes.

AT&T successfully challenged the proposal at the SEC. In light of the SEC's no action decision and a November 2011 industry-wide agreement to work on deploying energy-efficient cable boxes prompted in part by Sen. Dianne Feinstein (D-Calif.), the Comptroller's Office withdrew the remaining proposals.

2012 SHAREOWNER PROPOSAL RESULTS BY ISSUE

Company Name	Issue/Proposal	2010 Outcome	2011 Outcome	2012 Outcome
Chesapeake Energy	Proxy Access	-	-	62.3%
Nabors Industries	Proxy Access	-	-	56.2%
Bank of America	Board Review of Foreclosure Controls/Practices	-	39.5%	15.8%
Citigroup	Board Review of Foreclosure Controls/Practices	-	29.2%	14.3%
Wells Fargo	Board Review of Foreclosure Controls/Practices	-	22.8%	6.4%
Forest Oil Corp.	Majority Voting	-	-	Adopted
GEO Group	Majority Voting	-	-	64.7%
Hersha Hospitality Trust	Majority Voting	-	-	Adopted
HollyFrontier Corporation	Majority Voting	-	-	Adopted
Southern Union Co.	Majority Voting	-	-	Acquired
Airgas Inc.	Board Declassification	-	-	64.1%
CF Industries Holdings, Inc.	Board Declassification	-	-	92.8%
Energen Corporation	Board Declassification	-	-	83.1%
Juniper Networks	Board Declassification	-	97.5%	Adopted
Lorillard, Inc.	Board Declassification	-	-	97.4%
Mylan Inc.	Independent Board Chair	-	-	35.5%
Phillip Morris International	Independent Board Chair	-	23.0%	17.7%
Abbott Laboratories	Executive Pay - Compliance Costs	-	-	34.5%
Goldman Sachs	Executive Pay Clawback	-	-	Settled
JPMorgan	Executive Pay Clawback	-	-	Settled
Morgan Stanley	Executive Pay Clawback	-	-	Settled
Energizer Holdings	Limit Change in Control Payments	-	-	Settled
Constellation Brands	Multiple Weighted Metrics	-	-	22.9%
Coventry Health Care	Multiple Weighted Metrics	-	-	Adopted
Oracle Corp.	Multiple Weighted Metrics	-	-	Oct. 2012
Rite Aid Corporation	Multiple Weighted Metrics	-	-	21.0%
MetLife, Inc.	EEO Report Disclosure	-	-	Adopted
Omnicom Group	EEO Report Disclosure	-	-	33.8%
Anadarko Petroleum	Sexual Non-Discrimination	39.3%	33.6%	43.2%
Constellation Brands	Sexual Non-Discrimination	-	-	Adopted
Crosstex Energy	Sexual Non-Discrimination	22.4%	22.3%	37.8%

2012 SHAREOWNER PROPOSAL RESULTS BY ISSUE *(continued)*

Company Name	Issue/Proposal	2010 Outcome	2011 Outcome	2012 Outcome
Dick's Sporting Goods	Sexual Non-Discrimination	-	-	Adopted
Leggett & Platt	Sexual Non-Discrimination	40.4%	41.1%	42.4%
TECO Energy	Sexual Non-Discrimination	34.4%	25.7%	27.5%
Charles Schwab	Political Spending Disclosure	33.2%	30.9%	23.5%
Coventry Health Care	Political Spending Disclosure	46.0%	44.2%	48.6%
DTE Energy	Political Spending Disclosure	31.6%	27.5%	28.7%
FedEx	Political Spending Disclosure	-	27.7%	25.5%
Medco Health Solutions	Political Spending Disclosure	-	-	Acquired
Regions Financial	Political Spending Disclosure	33.4%	27.8%	38.2%
Sprint Nextel	Political Spending Disclosure	41.2%	53.3%	20.9%
Tenet Healthcare	Political Spending Disclosure	-	-	Adopted
WellCare Health Plans	Political Spending Disclosure	23.3%	42.4%	52.6%
Dynegy, Inc.	Climate Change - Adopt Quantitative Goals	16.1%	8.5%	Bankruptcy
GenOn Energy, Inc.	Climate Change - Adopt Quantitative Goals	-	16.7%	24.5%
Avalon Bay	Sustainability Reporting	-	-	47.6%
Equity Residential	Sustainability Reporting	-	-	45.1%
MGM Resorts	Sustainability Reporting	21.2%	17.9%	Omitted
Apple	Supply Chain Sustainability	-	-	Settled
Cisco Systems, Inc.	Supply Chain Sustainability	-	-	Settled
Dell Inc.	Supply Chain Sustainability	-	-	Settled
Hewlett-Packard Company	Supply Chain Sustainability	-	-	Settled
Intel Corporation	Supply Chain Sustainability	-	-	Settled
Motorla Solutions	Supply Chain Sustainability	-	-	6.9%
Oracle Corp.	Supply Chain Sustainability	-	-	Settled
AT&T, Inc.	Energy Efficiency - Set-Top Boxes	-	-	Omitted
Cablevision	Energy Efficiency - Set-Top Boxes	-	-	Settled
Comcast Corp.	Energy Efficiency - Set-Top Boxes	-	-	Settled
Dish Network Corp.	Energy Efficiency - Set-Top Boxes	-	-	Settled
Time Warner Cable Inc.	Energy Efficiency - Set-Top Boxes	-	-	Settled
Verizon Communications Inc.	Energy Efficiency - Set-Top Boxes	-	-	Settled

2012 SHAREOWNER PROPOSAL RESULTS BY COMPANY

Company Name	Issue/Proposal	2010 Outcome	2011 Outcome	2012 Outcome
Abbott Laboratories	Executive Pay - Compliance Costs	-	-	34.5%
Airgas Inc.	Board Declassification	-	-	64.1%
Anadarko Petroleum	Sexual Non-Discrimination	39.3%	33.6%	43.2%
Apple	Supply Chain Sustainability	-	-	Settled
AT&T, Inc.	Energy Efficiency - Set-Top Boxes	-	-	Omitted
Avalon Bay	Sustainability Reporting	-	-	47.6%
Bank of America	Board Review of Foreclosure Controls/Practices	-	39.5%	15.8%
Cablevision	Energy Efficiency - Set-Top Boxes	-	-	Settled
CF Industries Holdings, Inc.	Board Declassification	-	-	92.8%
Charles Schwab	Political Spending Disclosure	33.2%	30.9%	23.5%
Chesapeake Energy	Proxy Access	-	-	62.3%
Cisco Systems, Inc.	Supply Chain Sustainability	-	-	Settled
Citigroup	Board Review of Foreclosure Controls/Practices	-	29.2%	14.3%
Comcast Corp.	Energy Efficiency - Set-Top Boxes	-	-	Settled
Constellation Brands	Multiple Weighted Metrics	-	-	22.9%
Constellation Brands	Sexual Non-Discrimination	-	-	Adopted
Coventry Health Care	Multiple Weighted Metrics	-	-	Adopted
Coventry Health Care	Political Spending Disclosure	46.0%	44.2%	48.6%
Crosstex Energy	Sexual Non-Discrimination	22.4%	22.3%	37.8%
Dell Inc.	Supply Chain Sustainability	-	-	Settled
Dick's Sporting Goods	Sexual Non-Discrimination	-	-	Adopted
Dish Network Corp.	Energy Efficiency - Set-Top Boxes	-	-	Settled
DTE Energy	Political Spending Disclosure	31.6%	27.5%	28.7%
Dynegy, Inc.	Climate Change - Adopt Quantitative Goals	16.1%	8.5%	Bankruptcy
Energen Corporation	Board Declassification	-	-	83.1%
Energizer Holdings	Limit Change in Control Payments	-	-	Settled
Equity Residential	Sustainability Reporting	-	-	45.1%
FedEx	Political Spending Disclosure	-	27.7%	25.5%
Forest Oil Corp.	Majority Voting	-	-	Adopted
GenOn Energy, Inc.	Climate Change - Adopt Quantitative Goals	-	16.7%	24.5%
GEO Group	Majority Voting	-	-	64.7%

2012 SHAREOWNER PROPOSAL RESULTS BY COMPANY *(continued)*

Company Name	Issue/Proposal	2010 Outcome	2011 Outcome	2012 Outcome
Goldman Sachs	Executive Pay Clawback	-	-	Settled
Hersha Hospitality Trust	Majority Voting	-	-	Adopted
Hewlett-Packard Company	Supply Chain Sustainability	-	-	Settled
HollyFrontier Corporation	Majority Voting	-	-	Adopted
Intel Corporation	Supply Chain Sustainability	-	-	Settled
JPMorgan	Executive Pay Clawback	-	-	Settled
Juniper Networks	Board Declassification	-	97.5%	Adopted
Leggett & Platt	Sexual Non-Discrimination	40.4%	41.1%	42.4%
Lorillard, Inc.	Board Declassification	-	-	97.4%
Medco Health Solutions	Political Spending Disclosure	-	-	Acquired
MetLife, Inc.	EEO Report Disclosure	-	-	Adopted
MGM Resorts	Sustainability Reporting	21.2%	17.9%	Omitted
Morgan Stanley	Executive Pay Clawback	-	-	Settled
Motorla Solutions	Supply Chain Sustainability	-	-	6.9%
Mylan Inc.	Independent Board Chair	-	-	35.5%
Nabors Industries	Proxy Access	-	-	56.2%
Omnicom Group	EEO Report Disclosure	-	-	33.8%
Oracle Corp.	Multiple Weighted Metrics	-	-	Oct. 2012
Oracle Corp.	Supply Chain Sustainability	-	-	Settled
Phillip Morris International	Independent Board Chair	-	23.0%	17.7%
Regions Financial	Political Spending Disclosure	33.4%	27.8%	38.2%
Rite Aid Corporation	Multiple Weighted Metrics	-	-	21.0%
Southern Union Co.	Majority Voting	-	-	Acquired
Sprint Nextel	Political Spending Disclosure	41.2%	53.3%	20.9%
TECO Energy	Sexual Non-Discrimination	34.4%	25.7%	27.5%
Tenet Healthcare	Political Spending Disclosure	-	-	Adopted
Time Warner Cable Inc.	Energy Efficiency - Set-Top Boxes	-	-	Settled
Verizon Communications Inc.	Energy Efficiency - Set-Top Boxes	-	-	Settled
WellCare Health Plans	Political Spending Disclosure	23.3%	42.4%	52.6%
Wells Fargo	Board Review of Foreclosure Controls/Practices	-	22.8%	6.4%

Comptroller of the City of New York

1 Centre Street, New York, NY 10007

Comptroller.nyc.gov

New York City Comptroller
John C. Liu