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Dear New York City Retirement Systems' Trustee:

I am pleased to provide you with the enclosed Postseason Report on the 2010 Shareholder Proposal Programs of the New York City Pension Funds and Retirement Systems (the "New York City Funds").

As the report details, in 2010 the New York City Funds continued to be leaders in advancing corporate governance and responsibility reforms at dozens of portfolio companies. Several of these reforms also became requirements of all public companies as a result of recent legislation and regulation, further demonstrating the Funds' leadership and impact.

I wanted to take this opportunity to highlight below some of the Funds' 2010 achievements, which fall into in six general areas:

- Strengthening board of director accountability
- Increasing board of director diversity
- Reining in excessive executive pay and linking pay to performance
- Disclosing corporate political spending
- Addressing risks related to environmental, labor and human rights practices
- Prohibiting workplace discrimination

#### **I. Strengthening board of director accountability**

Through both constructive dialogue and board responsiveness to majority votes, the shareholder proposal program produced reforms in 2010 that meaningfully strengthened board of director accountability at five portfolio companies: Convergys and Georgia Gulf agreed to declassify their boards; CYTEC and Health Net directors now require majority shareholder support to be elected; and Corporate Executive Board named a lead independent director.

In addition, shareholders cast majority votes in favor of the New York City Funds' proposals to declassify the boards of Capital One and Neurocrine Biosciences and to require majority voting

in director elections at Cooper Companies. Given the failure of these companies to take action in response to majority shareholder votes, we are re-filing these proposals for 2011 and evaluating additional steps to restore accountability to these unresponsive boards.

The New York City Funds, in collaboration with many of the nation's largest public pension funds, also helped to meaningfully reform the Massey Energy board using our proxy votes following an April 2010 explosion that killed 29 coal miners, destroyed \$1.1 billion in shareholder value and exposed the company's especially poor safety compliance record. After the pension fund coalition led a high profile "vote no" campaign that resulted in near majority opposition to three directors, the board named two new directors, agreed to stand for election annually, adopted majority voting in director elections and is now evaluating strategic alternatives, including a possible sale of the company.

On the regulatory front, the Securities and Exchange Commission in August 2010 approved rules granting long-term shareholders the ability to nominate directors using the corporate proxy statement, a reform that will meaningfully enhance board accountability. I voiced strong support for the rule proposal in a January 2010 comment letter to the SEC and applauded the SEC for voting 3-2 to adopt the rules in the face of relentless opposition from the business community.

While shareholders are expected only to use proxy access to reform the most recalcitrant boards, the mere prospect of a shareholder nominee is likely to prompt far more directors to be responsive to shareholder concerns. Unfortunately, the SEC issued an order on October 4 staying effectiveness of the rules in response to a legal challenge filed by the U.S. Chamber of Commerce and the Business Roundtable. As a result the new rules, which were expected to have taken effect on November 15, will not be in place for the 2011 proxy season.

Finally, the SEC also adopted a new rule in December 2009 requiring companies to report voting results from shareholder meetings within four business days after the meeting. Under the old rules companies were able to delay disclosure until months after the relevant meeting. The rule effectively implements for all public companies the substance of a shareholder proposal that the New York City Funds filed at four companies for the 2010 proxy season.

## **II. Increasing board of director diversity**

In response to strong interest from institutional investors, including the New York City Funds, the SEC approved a rule in December 2009 requiring public companies to disclose whether, and if so how, a nominating committee considers diversity in identifying director nominees. This rule mandates for all companies the substance of a shareholder proposal that the New York City Funds filed for 2010 at seven companies, including Hertz Global. All seven companies agreed to adopt the New York City Funds' proposal in the wake of the SEC's decision.



Making corporate boardrooms more diverse is critical to the larger goal of strengthening board oversight and corporate performance. According to a February 2009 study commissioned by CalPERS, "research suggests that companies with more diverse boards, especially gender based diversification, have higher performance and key financial metrics such as return on equity, return on sales, and return on invested capital."

Despite these findings, a 2008 study by the Alliance for Board Diversity found that 83% of directors at Fortune 100 companies were white men, while only 17% of the directors were women and minorities. We are now part of a working group convened by CalPERS and CalSTRS to address this problem by developing a pool of qualified, diverse director candidates.

### **III. Reining in excessive executive pay and linking pay to performance**

Two portfolio companies agreed to adopt reforms to improve their executive compensation practices. Applied Micro agreed to grant shareholders an advisory vote on pay shortly before the passage of the Dodd–Frank Wall Street Reform and Consumer Protection Act mandated this reform at all U.S. companies. In addition, Cadence Design Systems agreed to require that a significant portion of future stocks options granted to senior executive are performance based.

Shareholders cast majority votes in favor of the New York City Funds' proposal to limit golden parachutes at R.R. Donnelly. We are re-filing this proposal in 2011 and evaluating additional actions given the board's failure to take action in response to the majority vote.

### **IV. Requiring disclosure of corporate political spending**

Three companies — AES, Altria & Humana — agreed to adopt policies governing political contributions and to disclose their political spending semi-annually. In addition, Bank of America agreed to partially adopt the proposal and continue discussions. The Supreme Court's January 2010 decision in *Citizens United* underscores the significance of these settlements. The decision permits corporations to make unlimited, independent political expenditures from the corporate treasury, something they are able to do anonymously under current law.

In the wake of *Citizens United*, it is even more important that boards provide the oversight and disclosure necessary to ensure that any political spending ultimately benefits shareholders, not the managers who control the corporate purse strings. Such oversight and transparency is currently lacking at most companies. An October 2010 study by the IRRC Institute found that less than one-quarter of S&P 500 companies require their boards to oversee political spending and less than 20% of S&P 500 companies provide information on what they actually spend.

#### **V. Addressing risks related to environmental, labor and human rights practices**

Five companies agreed to adopt reforms to address long-term risks associated with climate change or poor environmental, labor and human rights practices. Specifically, AK Steel, Eagle Materials and Vulcan Materials agreed to produce a sustainability report based on the Global Reporting Initiative's Guidelines. The Guidelines recommend that reporting categories include direct economic impacts, environmental, labor practices and decent work conditions, human rights, society, and product responsibility. In addition, International Paper agreed to produce a report on rainforest sustainability and energy company MDU resources agreed to adopt quantitative goals for reducing its greenhouse gas emissions.

Shareholders of a sixth company, Massey Energy, cast a 53% vote in favor of the quantitative goal proposal, among the highest votes ever registered on the issue. The company's board failed to take action or to even acknowledge the majority vote; the board reported a 35% vote by including "abstains" in the denominator, a methodology rejected by institutional investors. As noted above, however, the Funds helped to bring about far reaching governance reforms at the company.

#### **VI. Prohibiting workplace discrimination**

Eight portfolio companies agreed to prohibit workplace discrimination based on sexual orientation and gender identity and three additional companies agreed to prohibit discrimination based on gender identity as part of EEO policies that already prohibit discrimination based on sexual orientation. The fact that most are small companies and not household names reflects the fact that such policies have been broadly adopted by larger companies. Finally, one company—Art Technology Group—agreed to adopt the MacBride Principles and to allow independent monitoring of its compliance.

#### **Summary**

The New York City Funds have a long and proud record of active ownership to protect the long-term interests of our participants and beneficiaries. I am committed not only to continuing this legacy, but also to working with you to enhance the impact of these efforts on the long-term performance and value of our portfolio companies.

Sincerely,



John C. Liu

# **The 2010 Shareholder Proposal Programs Of the New York City Pension Funds & Retirement Systems**

## **Executive Summary**

### **Program Development Process**

The New York City Comptroller is the chief investment adviser to the five New York City pension funds and retirement systems. As the chief investment adviser, the Comptroller is responsible for developing and implementing the funds' and systems' shareholder-proposal programs, and proxy voting policies and guidelines.

The Pension Policy Division of the New York City Comptroller's Office develops and implements the shareholder proposal programs of the five funds and systems. Consistent with the fiduciary obligations of the funds' and systems' boards of trustees, the programs are aimed at advancing corporate governance, and corporate social and environmental responsibility reforms at selected companies in which the funds and systems are shareowners. These reforms are aimed at enhancing the long-term value of the funds' and systems' investments and reducing potential risks. The proposed programs are presented by the Pension Policy Division to the Proxy Committee of each fund and system for review and approval. Each Proxy Committee acts on behalf of its respective Board of Trustees.

The New York City pension funds and retirement systems 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)

### **Summary of Significant Outcomes**

**In 2010, the Pension Policy Division of the New York City Comptroller's Office, on behalf of the boards of trustees of the funds and systems, submitted shareholder proposals on corporate governance issues to 34 companies ("focus list") requesting their boards of directors to adopt one or more of ten reforms; and shareholder proposals on thirteen specific corporate social and environmental responsibility issues to 72 companies ("focus list") requesting their boards of directors to adopt appropriate policies or to issue reports disclosing actions they took, or are taking, to address reported problems and to mitigate related risks.**

In developing the list of companies (the "focus list") that received corporate governance proposals, companies were screened against industry-specific average total returns for five-, three- and one-year periods, and a total of seven other screens, including corporate governance profiles, various public databases, percentage of outstanding shares held by institutional investors, and the potential impact on the funds' and systems' portfolios.

## **Corporate Governance Proposals**

The proposed corporate governance reforms included:

- (1) adopting a policy to allow shareholders an advisory vote to ratify the compensation of named executive officers;
- (2) adopting a resolution to repeal the classified structure of the board of directors and establish annual elections of all directors;
- (3) adopting a policy authorizing expedited disclosure of vote results to the proponents of shareholder proposals;
- (4) adopting a policy to separate the positions of Chair of the Board of Directors and CEO, that the Chair of the Board of Directors shall be an independent director, who is not a former or current employee of the company, and that the policy should allow for departure under extraordinary circumstances, such as the unexpected resignation of the Chair;
- (5) adopting a policy to limit change-in-control payments to any senior executive 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;
- (6) adopting a by-law amendment to establish a majority-vote standard in director elections;
- (7) adopting a board protocol to effectively and fairly address shareholder proposals that win majority votes;
- (8) adopting a policy requiring the compensation committee of the board of directors, in setting performance measures for top executives, to include multiple weighted metrics that correctly reflect both individual and business accomplishments over an established multiyear period; and to disclose to the shareholders any changes made in the basket of metrics during the multiyear period;
- (9) adopting a pay-for-superior performance standard in company executive compensation plans for senior executives; and
- (10) adopting a policy requiring that a significant portion of future stock options granted to senior executives are performance-based.

## **Summary of Results**

**A significant number of proposals received strong shareholder support. Majority votes in support of proposals were won at 5 companies, and proposals were adopted by the boards of directors at 6 companies. Proposals were withdrawn at 8 companies based on positive actions taken by the companies in response to the proposals.**



The proposal that sought the repeal of the classified structure of corporate boards of directors and called for the annual election of all directors was adopted by the Board of Directors at Convergys Corporation and Georgia Gulf Corporation. It won majority votes at Capital One Financial (83.1% majority vote); and Neurocrine Biosciences (65.4% majority vote).

The proposal that requested boards of directors to establish an engagement process with proponents of shareholder proposals that are supported by majority votes was withdrawn at Applied Micro Circuits and Georgia Gulf Corporation based on the companies' adoptions of New York City pension funds' proposals that won majority votes at the companies' 2009 annual meetings.

The proposal that sought the adoption of a policy to allow shareholders an advisory vote to ratify the compensation of named executive officers was adopted by the Board of Directors of Applied Micro Circuits. It won a majority vote at Sprint Nextel (60.7% majority vote).

On June 30, 2010, the U.S. House of Representatives approved the "Dodd-Frank Wall Street Reform and Consumer Protection Act" (the "Dodd-Frank Act"); and on July 15, 2010, the Senate approved the proposed legislation by a vote of 60 – 39, with three Republicans voting for the legislation. The legislation was signed into law by President Obama on July 21, 2010. Among other corporate governance and executive compensation provisions, the Dodd-Frank Act requires companies to hold an advisory vote on executive compensation at the first shareholder meeting that occurs six months after the date of enactment. Consequently, shareholders will be allowed an advisory vote on executive compensation at the annual meetings of companies during the 2011 proxy season.

Shareholder support for the proposal that sought board adoption of a by-law amendment to establish a majority-vote standard in director election was adopted by the board of directors at CYTEC Industries and Health Net Inc. It won an 82.9% majority vote at Cooper Companies.

The proposal that requested boards of directors to adopt a policy requiring that stock options granted to senior executives as part of their compensation are performance-based was adopted by the Board of Directors of Cadence Design Systems.

The proposal that requested board of directors to adopt a policy authorizing their companies' corporate secretaries to disclose to proponents of shareholder proposals, at annual or special meetings where their proposals are presented, or within five business days thereafter, the preliminary vote results on the proposals or the final vote results, if available, excluding non-public material information, was withdrawn from the four companies to which it was submitted. The proposal was withdrawn following the December 16, 2009 adoption of a rule by the Securities and Exchange Commission (SEC) that requires companies to expedite the disclosure of results of shareholder votes, including any non-binding vote on executive compensation. The rule requires companies to report vote results on a Form 8-K within four business days of the meeting at which the votes were cast.

The proposal that sought the adoption of a policy to limit change-in-control payments to any senior executive 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 won a 52.5% majority vote at R.R. Donnelley & Sons.

Finally, the proposal that requested corporate boards of directors to adopt a policy to separate the positions of Chair of the Board of Directors and Chief Executive Officer, that the Chair of the Board of Directors shall be an independent director who is not a former or current employee of the company, and allowed for departure under extraordinary circumstances, such as the unexpected resignation of the Chair, was withdrawn at Corporate Executive Board Company in light of the Board of Directors' adoption of a policy establishing the position of a lead independent director.

### **Corporate Social and Environmental Responsibility Proposals**

**Proposals on one or more of 13 specific corporate social and/or environmental responsibility issues were submitted to 72 companies, requesting either board adoption of a specific policy, or issuance of a report disclosing board policy and actions taken to implement the policy.**

The corporate social and environmental responsibility program included proposals asking companies to take one or more of the following actions:

- (1) request that the board's nominating committee be directed to review and report to shareholders on efforts undertaken to actively recruit qualified women and minority candidates for nomination to the company's board of directors;
- (2) publicly adopt quantitative goals, based on current and emerging technologies, for reducing total greenhouse gas emissions from company operations, and issue a report to the shareholders on plans to achieve these goals;
- (3) report on efforts to reduce carbon dioxide and other emissions from operations and from the use of primary product(s);
- (4) select and recommend for election to a company's board of directors at least one candidate with a high level of expertise in environmental matters relevant to mining,
- (5) report on the environmental impact of the company's global operations on rainforest sustainability;
- (6) implement the International Labor Organization (ILO) and U.N. Human Rights Norms in their international operations, and allow for independent monitoring of compliance;
- (7) report on the policies and procedures of the company that guide its assessment of host country laws and regulations with respect to the adequacy of the laws to protect human health, the environment, and the reputation of the company;



(8) request that boards of directors prepare a report to shareholders on the merits of boards publicly adopting a set of guiding principles for their companies to promote a free and open Internet; and in developing such principles, boards should consider authoritative statements on human rights and the Internet, including the Internet principles adopted in 2005 by the FCC: the Global Network Initiative principles; as well as the Universal Declaration of Human Rights;

(9) implement the MacBride Principles and allow for independent monitoring of compliance;

(10) disclose political contributions;

(11) adopt an explicit prohibition of work-place discrimination based on sexual orientation and gender identity;

(12) issue a sustainability report, i.e. disclosing social, environmental, and economic performance; and

(13) report on companies' response to rising regulatory, competitive and public pressures to halt the sales of tobacco products in drugstores.

### **Summary of Results**

**Proposals were adopted by the board of directors at 27 companies; and one proposal received a majority vote of 53.1%. Proposals were withdrawn at 7 companies based on agreements reached between the companies and the Office of the New York City Comptroller, or substantial actions taken by companies in response to proposals.**

Eight companies—Casey's General Stores; Manitowoc Company; NACCO Industries, Inc.; Old Republic Int'l; Retail Ventures; Steel Dynamics, Inc.; Torchmark Corp.; and Zions Bancorporation agreed to adopt an explicit prohibition against workplace discrimination based on both sexual orientation and gender identity. Three companies: Bon-Ton Stores; Flowserve Corporation; and Nalco Company agreed to adopt an explicit prohibition against workplace discrimination based on gender identity. The companies' EEO policies also prohibit discrimination based on sexual orientation.

The proposal that asked companies to issue a sustainability report was adopted by three companies: AK Steel Holding Corp.; Eagle Materials, Inc.; and Vulcan Materials Co. It was withdrawn at Marriott International based on on-going efforts by the Company to publish a Global Reporting Initiative (GRI) C-level application report. While external assurance is not required for the GRI C-Level application, the report must contain: G3 profile disclosures; management approach disclosures; and performance indicators and sector supplement performance indicators.

The proposal that requested boards of directors to adopt quantitative goals, based on current technologies, for reducing greenhouse gas emission from company products and operations, and to issue reports to shareholders on company plans to achieve these goals was adopted by the Board of Directors of MDU Resources Group, Inc. The proposal won

a 53.1% majority vote at Massey Energy. It was withdrawn at NVR, Inc. based on the Company's commitment to reducing greenhouse gas emissions, and its participation in ENERGY STAR, a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy that protects the environment through energy efficient products and practices. As a participant in the program, NVR must meet strict efficiency guidelines in home building, including independent third-party professional review, in order to gain ENERGY STAR qualification.

The proposal that requested company boards of directors to make all possible lawful efforts to implement the MacBride Principles and to allow independent monitoring of their compliance with the Principles was adopted by Art Technology Group. It was withdrawn at Raytheon Company because the Company shut down its operation in Northern Ireland.

The proposal that asked companies to issue a report, to be updated semi-annually, on their political contributions, disclosing their policies, procedures, guidelines, monetary and non-monetary contributions, including an accounting of company funds used, and identification of the person(s) who participated in the decision making, was adopted by three companies—AES Group; Altria Group, Inc.; and Humana Inc. The proposal was withdrawn at Bank of America based on the Company's commitment to substantially adopt some key provisions of the proposal, and its commitment to continue constructive engagement on the issue with the Office of the New York City Comptroller.

The proposal that requested companies to report to their shareholders on the impact of their global operations on rainforest sustainability, including the preservation of the rights of indigenous populations, was adopted by International Paper. It was withdrawn at Weyerhaeuser Company based on the Company's commitment to participate in the Forest Footprint Disclosure Project (FDD). The FDD is a new UK government-supported initiative created to help investors identify how an organization seeks to minimize deforestation through its activities and supply chains. The initiative aims to create transparency for investors concerned about global deforestation.

The proposal that requested the board of directors of Internet service providers to issue a report to shareholders on the merits of their boards publicly adopting a set of principles to guide their companies in promoting a free and open Internet; and in developing such principles, to consider authoritative statements on human rights and the Internet, including principles adopted in 2005 by the Federal Communications Commission (FCC); the Global Network Initiative; as well as the Universal Declaration of Human Rights, was withdrawn at Qwest Communications International Inc. (Qwest). The Company had already publicly adopted the September 23, 2005 Policy Statement of the Federal Communications Commission that calls for broadband networks that are "widely deployed, open, affordable, and accessible to all consumers" (the "2005 FCC Principles"). The Company further committed to undertake a review of the other authoritative statements on human rights and the Internet, and to consider, following its review, whether it should publicly adopt additional principles relating to the operation of its broadband network. The Company also committed to disclose the result of its review, and its decision regarding the adoption of any further principles, in a written report to the Office of the New York City Comptroller.

Finally, the proposal requesting that board nominating committees be directed to review and report to shareholders on efforts undertaken by the committees to actively recruit qualified women and minority candidates for nomination to their boards of directors was adopted at seven companies: Frontier Oil; Hertz Global; Hovnanian Enterprises; Liberty Media Corp.; National Oilwell; Smith International; and Tesoro Corporation. The adoptions were facilitated by the Securities and Exchange Commission's approval, on December 16, 2009, of a new rule that requires disclosure of whether, and if so how, a nominating committee considers diversity in identifying nominees for director. If the nominating committee or the board has a policy with regard to the consideration of diversity in identifying director nominees, the rule also requires disclosure of how this policy is implemented and how the nominating committee or the board assesses the effectiveness of its policy.

**NEW YORK CITY PENSION FUNDS' AND RETIREMENT SYSTEMS'  
2010 SHAREHOLDER PROPOSALS & RESULTS  
(As of November 19, 2010)**

**I. CORPORATE GOVERNANCE PROPOSALS**

**Proposal #1: Repeal the Classified Board**—Requests company directors to take the necessary steps to repeal the classified structure of company boards, and establish annual elections of all directors.

<u>COMPANY</u>	<u>SPONSOR</u>	<u>2009 VOTE</u>	<u>2010 OUTCOME</u>
1. Capital One Financial	All NYC funds	n/a	<b>83.1% majority vote</b>
2. Belo Corporation	All NYC funds	26.6 % vote	29.6% vote
3. Convergys Corporation	All NYC funds	<b>64.9 % vote</b>	<b>Adopted</b>
4. Georgia Gulf Corporation	Police	<b>51.2 % majority vote</b>	<b>Adopted</b>
5. Neurocrine Biosciences	TRS, Police, Fire, BERS	<b>68.3 % majority vote</b>	<b>65.4% majority vote</b>

**Proposal #2: Majority Vote Protocol**—Requests the board to initiate an appropriate procedure to amend company governance documents to establish an engagement process with the proponents of shareholder proposals that are supported by a majority of the votes cast, excluding abstentions and broker non-votes, at any annual meeting.

<u>COMPANY</u>	<u>SPONSOR</u>	<u>2009 VOTE</u>	<u>STATUS</u>
1. Applied Micro Circuits	Fire, BERS	n/a	Withdrawn



<u>COMPANY</u>	<u>SPONSOR</u>	<u>2009 VOTE</u>	<u>2010 OUTCOME</u>
2. Georgia Gulf Corp.	NYCERS	n/a	<b>Withdrawn- adopted 2009 proposal to repeal its classified board</b>
3. KB Home	Fire, BERS	n/a	35.3% vote
4. Neurocrine Biosciences	NYCERS	<b>55.58% majority vote in 2008; filed in 2009, but the company did not include the proposal in its proxy statement</b>	22.6% vote

**Proposal #3: Advisory Vote on Pay**—Requests board adoption of a policy to provide shareholders, at each annual meeting, an opportunity to vote on an advisory resolution, to be proposed by management, that ratifies the compensation of the named executive officers (“NEOs”).

<u>COMPANY</u>	<u>SPONSOR</u>	<u>2009 VOTE</u>	<u>2010 OUTCOME</u>
1. Applied Micro Circuits	NYCERS, TRS, Police	<b>57.7% vote</b>	<b>Adopted</b> (biennial)
2. Home Depot	All NYC funds	44% vote	43.4% vote
3. KB Home	NYCERS, TRS, Police	<b>51.8% vote</b>	48.9% vote
4. Rite Aid Corporation	All NYC funds	48 % vote	21.9% vote
5. Ryland Group, Inc.	All NYC funds	44.5% vote	45.1% vote

<u>COMPANY</u>	<u>SPONSOR</u>	<u>2009 VOTE</u>	<u>2010 OUTCOME</u>
6. Sprint Nextel	Fire	n/a	<b>60.7% majority vote</b> (SEC denied Company's no-action request)

**Proposal #4: Pay For Superior Performance**—Requests the executive compensation committee of a company's board of directors to establish a pay-for-superior-performance standard in the executive compensation plan for the company's senior executives.

<u>COMPANY</u>	<u>SPONSOR</u>	<u>2009 VOTE</u>	<u>2010 OUTCOME</u>
1. Pier 1 Imports, Inc.	All NYC funds	24% vote (SEC denied no-action request); 46.78% vote in 2008)	37.9% vote
2. Tenet Healthcare Corp.	All NYC funds	14.5% vote	<b>Withdrawn</b> — (Company adopted performance-based equity award policy)

**Proposal #5: Majority Vote Standard in Director Elections**—Requests the board to initiate an appropriate process to amend company governance documents to provide that director nominees shall be elected by the affirmative vote of the majority of votes cast at an annual meeting of shareholders, with plurality vote standard retained for contested director elections, that is, when the number of director nominees exceeds the number of board seats.

<u>COMPANY</u>	<u>SPONSOR</u>	<u>2009 VOTE</u>	<u>2010 OUTCOME</u>
1. Cooper Companies	All NYC funds	n/a	<b>82.9% majority vote</b>

<u>COMPANY</u>	<u>SPONSOR</u>	<u>2009 VOTE</u>	<u>2010 OUTCOME</u>
2. CYTEC Industries	NYCERS, Fire, TRS, BOE	n/a	<b>Adopted</b>
3. Health Net, Inc.	All NYC funds	n/a	<b>Adopted</b>
4. Superior Industries Int'l	All NYC funds	30.7% vote	44.4% vote

**Proposal #6: Performance-Based Stock Options**—Requests the board to adopt a policy requiring that stock options, which are granted to senior executives as part of their compensation package, are performance-based.

<u>COMPANY</u>	<u>SPONSOR</u>	<u>2009 VOTE</u>	<u>2010 OUTCOME</u>
1. Cadence Design Systems	All NYC funds	n/a	<b>Adopted</b>
2. Cardinal Health	All NYC funds	42% vote	46.8% vote
3. PMC-Sierra, Inc.	All NYC funds	42.8 % vote	35.8% vote

**Proposal # 7: Expedited Disclosure of Vote Results**—Requests the board of directors to adopt a policy authorizing the company's corporate secretary to disclose to proponents of shareholder proposals, at annual or special meetings where their proposals are presented, or within five business days thereafter, the preliminary vote results on their proposals or the final vote results, if available, excluding non-public material information. If the final vote results are unavailable at the annual or special meetings, or within five business days thereafter, disclose such results to proponents within ten business days after the vote tabulations are completed, excluding non-public material information.

<u>COMPANY</u>	<u>SPONSOR</u>	<u>2009 VOTE</u>	<u>2010 OUTCOME</u>
1. Anadarko Petroleum	NYCERS, TRS, Police	n/a	<b>Withdrawn--</b> (On 12/16/09, the SEC adopted a rule requiring- expedited disclosure of vote results)
2. Boston Properties	NYCERS, TRS, Police	n/a	<b>Withdrawn--</b> (On 12/16/09, the SEC adopted a rule requiring expedited disclosure of vote results)
3. CONSOL Energy, Inc.	NYCERS, BERS	48.9% vote	<b>Withdrawn—</b> (On 12/16/09, the SEC adopted a rule requiring expedited disclosure of vote results)
4. Urban Outfitters	Fire, BERS	n/a	<b>Withdrawn—</b> (On 12/16/09, the SEC adopted a rule requiring expedited disclosure of vote results)

**Proposal # 8: Multiple Performance Metrics**—In setting performance measures for top executives, the Compensation Committee should include multiple weighted metrics that correctly reflect both individual and business accomplishments over an established multiyear period; and , excluding proprietary information, disclose



to the shareholders any changes made in the basket of metrics during the multiyear period.

<u>COMPANY</u>	<u>SPONSOR</u>	<u>2009 VOTE</u>	<u>2010 OUTCOME</u>
1. Black & Decker	All NYC funds	n/a	merged with Stanley Works
2. Coventry Health Care	All NYC funds	n/a	40.6% vote

**Proposal # 9: Limit Change-in Control Payments**—Adopt a policy limiting change-in-control payments to any senior executive 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.

<u>COMPANY</u>	<u>SPONSOR</u>	<u>2009 VOTE</u>	<u>2010 OUTCOME</u>
1. R.R. Donnelley & Sons	All NYC funds	n/a	<b>52.5% majority vote</b>

**Proposal # 10: Separation of Board Chairman and CEO Positions**—Adopt a policy to separate the positions of Chair of the Board of Directors and CEO, and that the Chair of the Board of Directors shall be an independent director, who is not a former or current employee of the company. The policy should allow for departure under extraordinary circumstances, such as the unexpected resignation of the Chair.

<u>COMPANY</u>	<u>SPONSOR</u>	<u>2009 VOTE</u>	<u>2010 OUTCOME</u>
1. Corporate Executive Board Company	All NYC funds	n/a	<b>Withdrawn</b> (adopted lead independent director)

<u>COMPANY</u>	<u>SPONSOR</u>	<u>2009 VOTE</u>	<u>2010 OUTCOME</u>
2. Mentor Graphics Corp.	All NYC funds	n/a	<b>Withdrawn</b> (Company filed no-action request with-SEC on the basis that the proposal missed the filing deadline; SEC concurred)
3. Zions Bancorporation	NYCERS, TRS Police	n/a	8.2% vote

## II. SOCIAL AND ENVIRONMENTAL ISSUES-PROPOSALS

**Proposal #1: Sexual Orientation/Gender Identity**—Requests that management implements equal employment opportunity policies based on principles prohibiting discrimination regarding sexual orientation and gender identity.

<u>COMPANY</u>	<u>SPONSOR</u>	<u>2009 VOTE</u>	<u>2010 OUTCOME</u>
1. Anadarko Petroleum Corp.	Fire, BERS	38.0 % vote	39.3% vote
2. Bon-Ton Stores	NYCERS, Police	n/a	<b>Adopted-- (gender identity)</b>
3. BJ Services Company	All NYC funds		Withdrawn (merged with Baker Hughes)
4. Casey's General Stores	All NYC funds	n/a	<b>Adopted</b>
5. Chesapeake Energy Corp.	All NYC funds	41.4 0% vote (SEC rejected Company's no-action) request	<b>Withdrawn--</b> EEO policy <u>includes</u> sexual- orientation, agreed to continue dialogue on gender- identity
6. Crosstex Energy	All NYC funds	n/a	22.4% vote
7. Flowserve Corporation	All NYC funds	n/a	<b>Adopted-- (gender identity language)</b>

<u>COMPANY</u>	<u>SPONSOR</u>	<u>2009 VOTE</u>	<u>2010 OUTCOME</u>
8. KBR Inc.	All NYC funds	n/a	48.7% vote
9. Leggett & Platt, Inc.	All NYC funds	42.3% vote	40.4% vote
10. Manitowoc Company	All NYC funds	n/a	<b>Adopted</b>
11. NACCO Industries, Inc.	All NYC funds	n/a	<b>Adopted</b>
12. Nalco Company	All NYC funds	n/a	<b>Adopted-- (gender identity language included)</b>
13. Old Republic Int'l	All NYC funds	n/a	<b>Adopted</b>
14. Retail Ventures	NYCERS, TRS, Police	n/a	<b>Adopted</b>
15. Steel Dynamics, Inc.	All NYC funds	n/a	<b>Adopted</b>
16. TECO Energy, Inc.	All NYC funds	n/a	34.4% vote
17. Torchmark Corp.	All NYC funds	n/a	<b>Adopted</b>
18. Zions Bancorporation	Fire, BERS	n/a	<b>Adopted</b>

**Proposal #2: Sustainability Report**—Requests that boards of directors issue reports to shareholders, by December 2010, at reasonable cost and omitting proprietary information, regarding company sustainability



policies and performance, including multiple, objective statistical indicators.

<u>COMPANY</u>	<u>SPONSOR</u>	<u>2009 VOTE</u>	<u>2010 OUTCOME</u>
1. AK Steel Holding Corp.	All NYC funds	n/a	<b>Adopted</b>
2. Boston Properties, Inc.	All NYC funds	37.3% vote	44.1% vote
3. Eagle Materials, Inc.	All NYC funds	n/a	<b>Adopted</b>
4. Las Vegas Sands Corp.	All NYC funds	5.4% vote	10.5% vote
5. Marriott International	All NYC funds	n/a	<b>Withdrawn--</b> (based on on-going efforts to publish a GRI C-level Application report by June, 2010)
6. MGM Mirage	All NYC funds	22.5% vote	21.2% vote
7. Vulcan Materials Co.	All NYC funds	n/a	<b>Adopted</b>

**Proposal #3: ILO Human Rights Standards**—Requests that companies commit to the implementation of a code of conduct based on the ILO Human Rights Standards and the United Nations’ Norms on the Responsibilities of Transnational Corporations with Regard to Human Rights, by their international suppliers and their own international production facilities, and commit to a program of outside, independent monitoring of compliance with these standards.

<u>COMPANY</u>	<u>SPONSOR</u>	<u>2009 VOTE</u>	<u>2010 OUTCOME</u>
1. Urban Outfitters, Inc.	NYCERS, TRS, Police	26.2 % vote	23.8% vote

**Proposal #4: Climate Change**—Requests a report [reviewed by a board committee of independent directors] regarding the company’s response to rising regulatory, competitive, and public pressure to significantly reduce carbon dioxide emissions from its operations and from the use of its primary product(s).

<u>COMPANY</u>	<u>SPONSOR</u>	<u>2009 VOTE</u>	<u>2010 OUTCOME</u>
1. CONSOL Energy, Inc.	TRS, Police, Fire	Omitted -SEC no-action (39.6% vote in 2008)	Withdrawn (company provided substantial information on its R&D projects aimed at reducing carbon emissions)
2. International Coal Group	All NYC funds	n/a	17.7% vote

**Proposal #5: Quantitative Goals for Reducing Greenhouse Gas Emissions**—Request company board of directors to adopt quantitative goals, based on current technologies, for reducing greenhouse gas emissions from company products and operations; and that companies report to their shareholders, by September 30, 2010, on their plans to achieve these goals.

<u>COMPANY</u>	<u>SPONSOR</u>	<u>2009 VOTE</u>	<u>2010 OUTCOME</u>
1. CMS Energy Corp.	All NYC funds	n/a	35.1% vote
2. Dynegy, Inc.	All NYC funds	20.8 % vote	16.1% vote
3. Massey Energy	All NYC funds	n/a	<b>53.1% majority vote</b>

<u>COMPANY</u>	<u>SPONSOR</u>	<u>2009 VOTE</u>	<u>2010 OUTCOME</u>
4. MDU Resources Group, Inc.	All NYC funds	n/a	<b>Adopted</b>
5. Mirant Corporation	All NYC funds	n/a	38.1% vote
6. NVR, Inc.	All NYC funds	n/a	<b>Withdrawn</b> (based on the Company's participation in ENERGY STAR)
7. Toll Brothers, Inc.	All NYC funds	n/a	29.2% vote

**Proposal #6: MacBride Principles**—Requests company boards of directors to make all possible lawful efforts to implement and/or increase activity on each of the nine MacBride Principles.

<u>COMPANY</u>	<u>SPONSOR</u>	<u>2009 VOTE</u>	<u>2010 OUTCOME</u>
1. Art Technology Group	All NYC funds	n/a	<b>Adopted</b>
2. Raytheon Company	All NYC funds	n/a	<b>Withdrawn—</b> (the Company has discontinued its operation in Northern Ireland)
3. Regis Corporation	All NYC funds	n/a	7.21% vote

**Proposal #7: Political Contributions**—Requests that companies provide political contribution reports, to be updated semi-annually, disclosing their policies, procedures, guidelines, monetary and non-monetary political contributions, including an accounting of

company funds used, and identification of the person(s) who participated in the decision.

<u>COMPANY</u>	<u>SPONSOR</u>	<u>2009 VOTE</u>	<u>2010 OUTCOME</u>
1. AES Group	All NYC funds	n/a	<b>Adopted</b>
2. Altria Group, Inc.	All NYC funds	29.0% vote	<b>Adopted</b> (substantially met the standards sought)
3. Bank of America	All NYC funds	n/a	<b>Withdrawn- (agreement reached on substantial part of the proposal, and continuing engagement)</b>
4. Burlington Northern-Santa Fe Corporation	All NYC funds	23.6% vote	(acquired in 2010 by Berkshire Hathaway Inc.)
5. Charles Schwab Corp.	All NYC funds	26.8% vote	33.2% vote
6. Coventry Health Care	Fire, BERS (cosponsored with Amalgamated Bank)	n/a	46.0% vote
7. Humana Inc.	All NYC funds (cosponsored with Amalgamated Bank)	n/a	<b>Adopted</b>
8. DTE Energy Company	All NYC funds	31.4% vote	31.6% vote
9. Norfolk Southern Corp.	All NYC funds	33.9% vote	32.6% vote

<u>COMPANY</u>	<u>SPONSOR</u>	<u>2009 VOTE</u>	<u>2010 OUTCOME</u>
10. Regions Financial Corp.	All NYC funds	42.0% vote	33.4% vote
11. Sprint Nextel	TRS, Police	38.4% vote	41.2% vote
12. Union Pacific Corp.	All NYC funds	39.4% vote	<b>Omitted-</b> <b>(Company filed</b> <b>no-action letter with</b> <b>SEC, on the basis</b> <b>that requisite proof</b> <b>of continuous</b> <b>ownership was not</b> <b>provided)</b>
13. WellCare Health Plans	NYCERS (co-sponsored with Amalgamated Bank)	n/a	23.3% vote

**Proposal #8: Report on Environmental Impact**—Prepare a report to shareholders on the impact of the company’s global operations on rainforest sustainability.

<u>COMPANY</u>	<u>SPONSOR</u>	<u>2009 VOTE</u>	<u>2010 OUTCOME</u>
1. International Paper	All NYC funds	n/a	<b>Adopted</b>
2. Valero Energy Corp.	All NYC funds	n/a	8.18% vote
3. Weyerhaeuser Company	BERS, Police	n/a	<b>Withdrawn</b> <b>(based on Company’s</b> <b>participation in Forest</b> <b>Footprint Disclosure</b> <b>Project)</b>

**Proposal #9: Global Environmental Standards**—Requests that the board of directors prepare a report regarding the policies and procedures that guide the company’s assessment of host country laws and regulations with respect to the adequacy of the laws to protect human health, the environment, and the reputation of the company.

<u>COMPANY</u>	<u>SPONSOR</u>	<u>2009 VOTE</u>	<u>2010 OUTCOME</u>
1. Occidental Petroleum	All NYC funds	7.5% vote SEC rejected Company's no-action request	6.7% vote

**Proposal #10: Internet Censorship**—Request that the board of directors prepare a report for shareholders, by October 2010 and excluding proprietary and confidential information, on the merits of the board publicly adopting a set of guiding principles for the company to promote a free and open Internet. In developing principles, we urge the board to consider authoritative statements on human rights and the Internet, including the Internet principles adopted in 2005 by the FCC; the Global Network Initiative principles; as well as the Universal Declaration of Human Rights.

<u>COMPANY</u>	<u>SPONSOR</u>	<u>2009 VOTE</u>	<u>2010 OUTCOME</u>
1. eBay, Inc.	All NYC funds	n/a	<b>(not included in proxy statement; Company claimed it was not received, despite our confirmation of delivery)</b>
2. Cisco Systems	All NYC funds	n/a	19% vote
3. Comcast Corporation	All NYC funds	n/a	<b>Omitted</b> (SEC granted no-action request)
4. EarthLink, Inc.	All NYC funds	n/a	7.6% vote
5. Qwest Communications	All NYC funds	n/a	<b>Withdrawn</b> (agreement reached with Company)

<u>COMPANY</u>	<u>SPONSOR</u>	<u>2009 VOTE</u>	<u>2010 OUTCOME</u>
6. Sprint Nextel	NYCERS, BERS	n/a	<b>Omitted-</b> (SEC concurring with Company's no-action request)

**Proposal #11: Drugstore Tobacco Sales**—Requests the board of directors to prepare a report, to be made available to the shareholders by November 30, 2009, on how the company is responding to rising regulatory, competitive and public pressures to halt sales of tobacco products.

<u>COMPANY</u>	<u>SPONSOR</u>	<u>2009 VOTE</u>	<u>2010 OUTCOME</u>
1. CVS Caremark Corp.	All NYC funds	<b>Omitted -SEC no-action</b>	<b>Omitted -SEC no-action</b>

**(NOTE: A proposal requesting the Board of Directors to “take the necessary steps to end CVS/pharmacy’s sales of tobacco products was originally submitted, but subsequently withdrawn because it was inconsistent with the proxy voting policies of the New York City pension funds.)**

**Proposal #12: Board Diversity**—Requests that the Board’s Nominating Committee be directed to review and report to shareholders on efforts undertaken to actively recruit qualified women and minority candidates for nomination to the company’s Board of Directors.

<u>COMPANY</u>	<u>SPONSOR</u>	<u>2009 VOTE</u>	<u>2010 OUTCOME</u>
1. Affiliated Computer Sciences	All NYC funds	n/a	filed (acquired by Xerox Corp.)
2. Frontier Oil	All NYC funds	n/a	<b>Adopted</b>
3. Hertz Global	All NYC funds	n/a	<b>Adopted</b>
4. Hovnanian Enterprises	All NYC funds	n/a	<b>Adopted</b>
5. Liberty Media Corp.	All NYC funds	n/a	<b>Adopted</b>
6. National Oilwell	All NYC funds	n/a	<b>Adopted</b>
7. Smith International	All NYC funds	n/a	<b>Adopted</b>
8. Tesoro Corporation	All NYC funds	n/a	<b>Adopted</b>

**Proposal #13: Environmental Expertise in Selecting Director Nominees—**  
 Requests that, as the terms in office of elected directors expire, at least one candidate shall be selected and recommended for election to the company's board who has a high level of expertise in environmental matters relevant to mining.

<u>COMPANY</u>	<u>SPONSOR</u>	<u>2009 VOTE</u>	<u>2010 OUTCOME</u>
1. Chevron Corporation	All NYC funds (co-sponsored with Amnesty International; Pennsylvania Treasury Department; St. Scholastica Monastery; and Trillium Asset Management)	n/a	26.8% vote
2. Freeport-McMoRan Copper & Gold, Inc.	All NYC funds (co-sponsored with Stichting Pensioenfonds ABP (Netherlands), the Swedish national pension funds AP1, AP2, AP3 and AP4)	32.5% vote	33% vote