



Toward Board Declassification in 100 S&P 500 and Fortune 500 Companies: Report of the SRP for the 2012 and 2013 Proxy Seasons

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The Shareholder Rights Project (SRP) is a clinical program operating at Harvard Law School and directed by Professor Lucian Bebchuk. The SRP works on behalf of public pension funds and charitable organizations seeking to improve corporate governance at publicly traded companies, as well as on research and policy projects related to corporate governance. Any views expressed and positions taken by the SRP and its representatives should be attributed solely to the SRP and not to Harvard Law School or Harvard University.

Toward Board Declassification in 100 S&P 500 and Fortune 500 Companies: Report of the SRP for the 2012 and 2013 Proxy Seasons

February 2014

Lucian Bebchuk, * Scott Hirst, and June Rhee*****

* William J. Friedman and Alicia Townsend Friedman Professor of Law, Economics, and Finance, Harvard Law School. **Lecturer on Law, Harvard Law School. ***Fellow, Harvard Law School. The authors serve as Director, Associate Director, and a counsel, respectively, of the Shareholder Rights Project (SRP)

Executive Summary

This report provides an overview and analysis of the work that the Shareholder Rights Project (SRP) undertook on behalf of a number of institutional investors during 2012 and 2013, the SRP's first two years of operations. During 2012 and 2013, the SRP worked on behalf of eight SRP-represented investors on board declassification proposals submitted for a vote at the 2012 and/or 2013 annual meetings of 122 S&P 500 and Fortune 500 companies, and this work has produced substantial results:

100 Negotiated Outcomes: Negotiated outcomes involving a commitment to board declassification were reached with 100 S&P 500 and Fortune 500 companies, about three-quarters of the companies receiving proposals in 2012 and/or 2013.

58 Successful Precatory Proposals: During 2012 and 2013, declassification proposals brought by SRP-represented investors received majority support at 58 annual meetings of 53 S&P 500 and Fortune 500 companies (all but three of the annual meetings in which such proposals went to a vote), with average support of about 80% of votes cast.

81 Board declassifications: A total of 81 S&P 500 and Fortune 500 companies already declassified their boards during 2012 and 2013 as a result of the work of the SRP and SRP-represented investors. These 81 companies, which have an aggregate market capitalization exceeding one trillion dollars (as of Dec, 31, 2013), represent about 65% of the companies with which engagements took place and about 60% of the S&P 500 companies that had classified boards as of the beginning of 2012.

Expected Impact by End of 2014: The work of the SRP and SRP-represented investors is expected to produce a significant number of additional board declassifications during 2014 as a result of (i) management declassification proposals that will go to a vote pursuant to 2012 and 2013 agreements, (ii) companies agreeing to follow the preferences of shareholders expressed in 58 successful precatory declassification proposals, and (iii) ongoing engagement by the SRP and SRP-represented investors. We estimate that, by the end of 2014, this work will have contributed to movements towards board declassification by about 100 S&P 500 and Fortune 500 companies; this large-scale change can be expected to increase board accountability and thereby to enhance shareholder value and company performance in the affected companies.

Beyond Board Declassification: The SRP's 2012 and 2013 work also facilitated a substantial increase in successful engagement by public pension funds, and in their ability to obtain governance changes favored by shareholders. The proposals that the SRP worked in 2012 and 2013 on represented over 50% of the shareholder proposals by public pension funds that received majority support in 2012 and 2013, and over 20% of all precatory shareholder proposals (by all proponents) that received majority support in 2012 and 2013.

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I. Introduction

This report reviews and analyzes the activities of the Shareholder Rights Project (SRP) in 2012 and 2013, the SRP's first two years of operations. In 2012 and 2013, the SRP worked on behalf of SRP-represented investors in connection with 165 declassification proposals submitted to 122 S&P 500 and Fortune 500 companies with classified boards for a vote at the companies' 2012 or 2013 annual meetings.¹ The SRP provided SRP-represented investors with a range of services in connection with the submission of shareholder proposals, including submitting proposals on behalf of such investors, assisting such investors in connection with designing proposals, engaging with companies, negotiating and executing agreements with companies to bring management declassification proposals, and presenting proposals at annual meetings.

We are particularly pleased about three significant features of the outcomes produced by the 2012 and 2013 work of the SRP and SRP-represented investors on board declassification proposals. First, companies receiving proposals were responsive to the engagement efforts of the SRP and SRP-represented investors, with about three-quarters of the companies receiving proposals in 2012 and/or 2013 agreeing to move towards annual elections.

Second, the overwhelming majority of the 61 precatory proposals that went to a vote passed, generally by large margins. These successful precatory proposals are expected to lead to a significant number of additional declassifications.

Third, the SRP's work has already contributed to bringing about a major reduction in the number of board classification among S&P 500 companies. This work is expected to contribute to a further significant decrease in the number of board classifications in 2014.

Beyond its impact on board declassification, the 2012 and 2013 work of the SRP contributed to a substantial increase in the number of successful engagements by public pension funds, and enhanced the ability of such investors to bring about changes supported by shareholders. Proposals that the SRP worked on represented over 50% of the shareholder proposals by public pension funds that received majority support in 2012 or 2013; and over 20% of all precatory shareholder proposals (by all proponents) that received majority support in 2012 or 2013.

¹ The SRP also worked on four additional proposals during 2012 and 2013 that, for technical reasons, were either withdrawn without any agreement being reached with the companies or not presented at the annual meeting.

This report is organized as follows. Part II provides information on each of the eight institutional investors with which the SRP is working. The SRP-represented investors include seven public pension funds and one foundation. These investors serve more than three million members, and the aggregate value of assets that they manage exceeds \$400 billion.

Part III discusses the value of board declassification, and the widespread support for declassification among investors.² SRP-represented investors have proxy-voting guidelines opposing classified boards, as do most other institutional investors. The widespread investor opposition to classified boards is consistent with empirical studies documenting an association between classified boards and undesirable outcomes for shareholders. Over the last 15 years, issuer responsiveness to investor preferences has produced a continuing decline of the number of S&P 500 companies with classified boards. The 2012 and 2013 work of the SRP and SRP-represented investors has accelerated this trend significantly.

Part IV describes the negotiated outcomes and the board declassifications resulting from work by the SRP and SRP-represented investors. Engagement with companies receiving board declassification proposals resulted in negotiated outcomes with 100 S&P 500 and Fortune 500 companies. Following the agreements these 100 companies entered into with SRP-represented investors, 87 of these companies brought management proposals to declassify for shareholder approval at 2012 or 2013 annual meetings, seven committed to doing so at subsequent annual meetings, five companies implemented bylaw amendments (where a company's classified board structure is set out in its bylaws, it may declassify without a shareholder vote), and one company declassified through a merger.³

Part IV also discusses the scale of board declassifications taking place during 2012 and 2013 among S&P 500 and Fortune 500 companies as a result of work by the SRP and SRP-represented investors. This work resulted in 81 declassifications during 2012 and 2013: 35 declassifications during

² The value of board declassification and the work by the SRP and SRP-represented investors to enable shareholders to register their support for declassification are described in Lucian Bebchuk, *Giving Shareholders a Voice*, *New York Times DealBook*, April 19, 2012, available at <http://dealbook.nytimes.com/2012/04/19/giving-shareholders-a-voice/>; see also Lucian Bebchuk, *Wachtell Lipton Was Wrong About the Shareholder Rights Project*, Harvard Law School Forum on Corporate Governance and Financial Regulation, April 9, 2013, available at <http://blogs.law.harvard.edu/corpgov/2013/04/09/wachtell-lipton-was-wrong-about-the-shareholder-rights-project/>.

³ The company agreed to declassify, and the declassification took place through a merger, with the surviving corporation having directors elected annually.

2012;⁴ seven declassifications resulting from the passage at 2012 annual meetings of management proposals to declassify brought following 2011 agreements with SRP-represented investors; and 39 declassifications during 2013. Altogether, the 81 S&P 500 companies whose boards were declassified during 2012 and 2013 as a result of work by the SRP and SRP-represented investors have a market capitalization exceeding one trillion dollars (as of December 31, 2013), and represent about 65% of the 122 S&P 500 and Fortune 500 companies with which the SRP and SRP-represented investors engaged. Furthermore, these board declassifications reduced the incidence of classified boards among S&P 500 companies as of the beginning of 2012 by more than 50%.⁵

Part V discusses the 61 precatory proposals that went to a vote at S&P 500 and Fortune 500 companies where the efforts of the SRP and SRP-represented investors to obtain a negotiated outcome did not succeed. Out of these 61 proposals, 58 proposals passed (95%) and only three proposals did not pass. Moreover, the proposals that passed did so by large margins, with average support of more than 80% of the votes cast.

Finally, Part VI concludes by discussing the impact that the work of the SRP and SRP-represented investors is expected to have on the number of classified boards among S&P 500 and Fortune 500 companies by the end of 2014. We expect to see further movement towards annual elections during 2014 as a result of the management declassification proposals that will go to a vote during that year pursuant to 2012 and 2013 agreements. We also expect a significant number of board declassifications to result from both (i) companies agreeing to follow the preferences of shareholders expressed in the 58 successful precatory declassification proposals in 2012 and 2013, and (ii) the ongoing engagement by the SRP and SRP-represented investors. We estimate that, by the end of 2014, this work will have contributed to movements toward board declassification by about 100 S&P 500 and Fortune 500.

Appendix A to this report provides a full list of the outcomes and the current status of the engagements where SRP-represented investors submitted shareholder proposals for 2012 or 2013 annual

⁴ As will be explained in Part IV, Section B, out of the 38 management proposals brought to a vote following 2012 agreements, 6 received majority support but failed to be approved due to the presence of 80% supermajority requirements. Three companies declassified following successful 2012 precatory proposals through bylaw amendments (where company's classified board structures are set out in its bylaws, it may declassify without a shareholder vote).

⁵ The number of classified boards among S&P 500 companies at the beginning of 2012 is taken from Factset Research Systems, Inc., *Classified Boards Year Over Year*, SHARKREPELLENT. <http://sharkrepellent.net> (last visited January 5, 2014).

meetings. Appendix B provides lists of the outcomes and current status of the proposals submitted by each of the SRP-represented investors.

II. SRP-Represented Investors

The SRP has been working on behalf of eight institutional investors — the Florida State Board of Administration (SBA), the Illinois State Board of Investment (ISBI), the Los Angeles County Employees Retirement Association (LACERA), the Massachusetts Pension Reserves Investment Management Board (PRIM), the Nathan Cummings Foundation (NCF), the North Carolina Department of State Treasurer (NCDST), the Ohio Public Employees Retirement System (OPERS), and the School Employees Retirement System of Ohio (SERS). As explained below, the SRP worked with six of these SRP-represented investors in connection with shareholder declassification proposals for the 2012 annual meetings, and worked with all eight SRP-represented investors in connection with such proposals for 2013 meetings. Detailed information about these institutional investors is provided below.

ISBI is a non-appropriated state agency that is responsible for managing and investing the pension assets of the Illinois General Assembly Retirement System, the Judges' Retirement System of Illinois and the State Employees' Retirement System of Illinois. ISBI managed assets with a value exceeding \$13 billion as of August 31, 2013.

LACERA, the largest county retirement system in the United States, administers and manages the retirement fund for employees and retirees of Los Angeles County and its outside districts, and their beneficiaries. LACERA managed assets with a value exceeding \$38 billion and provided retirement benefits and savings for more than 148,000 members as of June 30, 2012.

The NCF is a charitable foundation and an institutional shareholder, and submits shareholder resolutions on issues that lie at the intersection of its programmatic interests and long-term shareholder value.

The NCDST is the fiduciary for the North Carolina Retirement Systems (NCRS). NCRS managed assets with a value exceeding \$80 billion, and provided retirement benefits and savings for more than 875,000 North Carolinians, including teachers, state employees, firefighters, police officers, and other public workers, as of June 30, 2013.

OPERS, the largest public pension fund in Ohio and the 11th largest public pension fund in the U.S., managed assets with a value exceeding \$80 billion, and provided retirement benefits and savings for more than a million members.

PRIM is charged with the general supervision of the Pension Reserves Investment Trust (PRIT) Fund, with pension assets exceeding \$53 billion and serving more than 280,000 members. The PRIT Fund is a pooled investment fund that invests the assets of the Massachusetts Teachers' and State Employees' Systems, and the assets of county, authority, district, and municipal retirement systems that choose to invest in the PRIT Fund.

The SBA is an agency of Florida state government that provides a variety of investment services to various governmental entities. These include managing the assets of the Florida Retirement System Trust Fund (FRS), the Lawton Chiles Endowment Fund, the Local Government Surplus Funds Trust Fund, the Hurricane Catastrophe Fund, and a variety of other mandates. The SBA manages assets with a total value exceeding \$168 billion and the FRS provides pension benefits to almost one million beneficiaries and retirees.

SERS is a statewide public pension fund that provides pension benefits and access to post-retirement health care for non-teaching public school employees in Ohio. SERS provides retirement security for administrative assistants, bus drivers, food service workers, librarians, maintenance personnel, teacher aides, and treasurers. SERS' mission is to provide its 190,000+ members, retirees, and beneficiaries with pension benefit programs and services that are soundly financed, prudently administered, and delivered with understanding and responsiveness. On June 30, 2012, SERS managed assets of \$11 billion.

Overall, the eight SRP-represented investors hold assets with an aggregate value exceeding \$400 billion and serve over three million members.

III. Shareholder Support for Declassification

Declassification of boards of directors enables shareholders to register their views on the performance of all directors at each annual meeting. Having directors stand for elections annually makes directors more accountable to shareholders, and could thereby contribute to improving performance and increasing firm value. Annual election of the boards of directors is widely viewed as corporate governance best practice.

Section A of this Part III describes the support among SRP-represented investors, as well as institutional investors more broadly, for declassification. Section B explains how the strong investor opposition to classified boards is consistent with empirical studies. Finally, Section C discusses the trend towards declassification.

A. Investor Support for Declassification

There is a clear and widespread opposition to classified boards among institutional investors. In particular, SRP-represented investors have proxy voting policies that express their preference for annual elections and their support for declassifications proposals. This is the case for each of the SBA, LACERA, PRIM, the NCF, the NCDST and OPERS.⁶

In this respect, SRP-represented investors have similar views to those of other institutional investors. For example, the American Funds, BlackRock, CalPERS, Fidelity, TIAA-CREF and Vanguard, all have policies that support annual election of all directors and voting in favor of board declassification proposals.⁷ In addition, the Council of Institutional Investors has a similar policy.⁸ ISS and Glass Lewis,

⁶ See The Florida State Board of Administration, *Corporate Governance Principles & Proxy Voting Guidelines*(2012), pp.13–14 [<http://www.sbafla.com/fsb/LinkClick.aspx?fileticket=KY96Es7W718%3d&tabid=1441&mid=3927>] (“The SBA opposes classified boards and their provisions ... Alternatively, the SBA supports changing from a staggered board structure to annual elections for all directors.”); Los Angeles County Employees Retirement Association, *Domestic Proxy Voting Guidelines* (April 22, 2009), Section III.A.1 (“LACERA votes for proposals to repeal classified boards and to elect all directors annually.”); Pension Reserves Investment Management Board, *Proxy Voting Guidelines-2012*, p.15 (“Vote FOR shareholder proposals to repeal classified (staggered) boards, and to elect all directors annually.”); The Nathan Cummings Foundation, *Proxy Voting Practices* (February 2012), p.3 (“The Foundation will vote FOR proposals requesting the declassification of the board.”); North Carolina Department of State Treasurer, *Proxy Voting Guidelines*, Section III.A. (“All directors should be elected on an annual basis. The NCSRP will vote FOR shareholder resolutions that ask companies to declassify their boards.”); Ohio Public Employees Retirement System, *Proxy Voting Guidelines* (December 2012), Section IV.1.C.v.a. (“It is considered a best practice to have all directors elected on an annual basis to enhance accountability and to better align the board’s interests with those of long-term shareowners.”).

⁷ American Funds, *Proxy Voting Procedures and Principles* (May 2013), p.3 [https://www.americanfunds.com/pdf/proxy_voting_guidelines.pdf] (“Generally, we support proposals declassifying boards.”); BlackRock Inc., *2012 Proxy Voting Guidelines for U.S. Securities* (March 2012), p.5 (“Therefore, we typically vote ... for proposals to eliminate board classification.”); California Public Employees’ Retirement System, *Global Principles of Accountable Corporate Governance* (November 2011), Section 2.1 (“All directors should be elected annually.”); Fidelity Investments, *Fidelity Funds’ Proxy Voting Guidelines* (November 2012), Section V.D. [<http://personal.fidelity.com/myfidelity/InsideFidelity/InvestExpertise/governance.shtml#fulltext>] (“In the case of proposals to declassify a board of directors, FMR [Fidelity Management and Research] will generally vote against such a proposal if the issuer's Articles of Incorporation or applicable statutes include a provision whereby a majority of directors may be removed at any time, with or without cause, by written consent, or other reasonable procedures, by a majority of shareholders entitled to vote for the

the two leading proxy advisors, also have policies of recommending voting in favor of proposals to dismantle classified boards.⁹

The widespread shareholder support for declassification is reflected in the results of the large number of precatory declassification proposals submitted by SRP-represented investors that went to a vote during 2012 and 2013. As will be discussed in detail in Part V, these proposals overwhelmingly passed, generally by large majorities.

B. Empirical Evidence

The significant shareholder support for declassification proposals is consistent with empirical studies reporting that classified boards are associated with lower firm value and inferior outcomes for shareholders. The first empirical study of classified boards, by Lucian Bebchuk, John Coates and Guhan Subramanian, focused on the effects of classified boards on the shareholders of takeover targets.¹⁰ The study concluded that classified boards were associated with lower gains for the shareholders of such targets.

A subsequent 2005 study by Lucian Bebchuk and Alma Cohen went beyond takeover targets to examine the effects of classified boards on the value of public companies in general.¹¹ This study found that classified boards are associated with an economically meaningful reduction in firm value (as

election of directors.”); TIAA-CREF, *Policy Statement on Corporate Governance* (6th Ed.), Section B, Appendix A (“TIAA-CREF will generally support shareholder resolutions asking that each member of the board stand for re-election annually.”).

⁸ See Council of Institutional Investors, *Policies on Corporate Governance* (April 2013), Section 2.1 (stating that “[a]ll directors should be elected annually. Boards should not be classified (staggered).”).

⁹ Institutional Shareholder Services Inc., *2012 U.S. Proxy Voting Summary Guidelines* (January 2012), p.17 [<http://www.issgovernance.com/files/2012USSummaryGuidelines1312012.pdf>] (“Vote FOR shareholder proposals to repeal classified boards and to elect all directors annually.”); Glass, Lewis & Co., LLC, *Proxy Paper Guidelines, 2012 Proxy Season*, p.5 (“Glass Lewis favors the repeal of staggered boards in favor of the annual election of directors.”).

¹⁰ Lucian A. Lucian A. Bebchuk, John C. Coates IV and Guhan Subramanian, *The Powerful Antitakeover Force of Staggered Boards: Theory, Evidence, and Policy*, 54 Stan. L. Rev. 887 (2002); see also Lucian Bebchuk, John Coates IV and Guhan Subramanian, *The Powerful Antitakeover Force of Staggered Boards: Further Findings and a Reply to Symposium Participants*, 55 Stan. L. Rev. 885 (2002).

¹¹ Lucian A. Bebchuk and Alma Cohen, *The Costs of Entrenched Boards*, 78 J. Fin. Econ. 409 (2005).

measured by Tobin's Q). It also provided suggestive evidence that classified boards bring about (rather than merely reflect) an economically significant reduction in firm value.

The study's evidence of an association between classified boards and lower firm valuation has been subsequently confirmed by two additional studies – one by Olubunmi Faleye¹² and the other by Michael Frakes.¹³ Furthermore, consistent with this evidence, a study of judicial rulings concerning the validity of shareholder-adopted bylaws that weaken the force of staggered boards, Alma Cohen and Charles Wang found that the stock market reactions accompanying these rulings reflected the market's belief that staggered boards bring about reduced firm value.¹⁴

Moreover, empirical work has identified particular dimensions of undesirable decisions-making that are associated with classified boards. A study by Ronald Masulis, Cong Wang, and Fei Xie demonstrated that firms with classified boards are more likely to be associated with undesirable acquisition decisions.¹⁵ The study examined stock market reactions to acquisition decisions and concluded that companies with classified boards are more likely to make acquisition announcements that are judged by the market to be value-reducing.

In addition, a study by Olubunmi Faleye found that classified boards are associated with worse compensation and executive retention decisions.¹⁶ The study showed that companies with classified boards provide executives with compensation that is less sensitive to performance, and exhibit lower sensitivity of CEO turnover to firm performance.

It is worth noting a study by David Bates, Thomas Becher and Michael Lemmon that has often been mentioned in statements of several companies opposing declassification proposals.¹⁷ The study

¹² Olubunmi Faleye, *Classified Boards, Firm Value, and Managerial Entrenchment*, 83 J. Fin. Econ. 501 (2007).

¹³ Michael Frakes, *Classified Boards and Firm Value*, 32 Del. J. Corp. Law 113 (2007).

¹⁴ Alma Cohen & Charles C.Y. Wang, *How Do Staggered Boards Affect Shareholder Value? Evidence from a Natural Experiment*, J. Fin. Econ. (forthcoming), available at <http://ssrn.com/abstract=2141410>.

¹⁵ Ronald W. Masulis, Cong Wang and Fei Xie, *Corporate Governance and Acquirer Returns*, 62 J. Fin. 1851 (2007).

¹⁶ See Faleye, *supra* note 11.

¹⁷ David Becher, Thomas W. Bates, and Michael L. Lemmon, *Board Classification and Managerial Entrenchment: Evidence from the Market for Corporate Control*, 87 J. Fin. Econ. 656 (2007). For examples of opposition statements relying on this study, see *Board's Statement in Opposition to Proposal 4*, contained in the Definitive Proxy Statement of United States Steel Corporation, filed on Schedule 14A

found that classified boards are associated with higher takeover premiums. However, the study also reported that classified boards are associated with a lower likelihood of an acquisition and, most importantly, confirmed that, overall, classified boards are associated with lower firm valuation.

C. The Trend Towards Declassification

According to data from FactSet Research Systems, there were 303 S&P 500 companies with classified boards at the beginning of 1999, and that number declined to 126 as of the beginning of 2012.¹⁸ That is, during this twelve-period, the fraction of S&P 500 companies with classified boards declined by about 60%.

As explained in Parts IV and V, the work of the SRP and SRP-represented investors during 2012 and 2013 has contributed to a substantial acceleration of the trend towards board declassification among large public companies. The continuing work of the SRP and SRP-represented investors is expected to produce a further significant decline in the incidence of classified boards.

IV. Negotiated Outcomes and Board Declassifications

This Part IV discusses the negotiated outcomes resulting from the work of the SRP and SRP-represented investors during 2012 and 2013, as well as the board declassifications that have already resulted, or are expected to result, from these negotiated agreements. Section A provides an overview of the 100 successful engagements resulting in companies entering into agreements to move toward annual elections following the submission of board declassification proposals for 2012 and 2013 meetings. Section B discusses the 67 successful management declassification proposals and engagements that have already resulted in companies declassifying their boards of directors. **Section C focuses on the seven management proposals that have yet to be voted on.** Section D discusses seven additional declassifications that took place during 2012 following 2011 agreements with SRP-represented investors.

(March 9, 2012), available at <http://www.sec.gov/Archives/edgar/data/1163302/000119312512106628/d293423ddef14a.htm> (last visited Nov. 12, 2012); and *Board of Directors Response to Proposal 5*, contained in the Definitive Proxy Statement of Urban Outfitters, Inc., filed on Schedule 14A (April 2, 2012), available at <http://www.sec.gov/Archives/edgar/data/912615/000119312512145959/d317811ddef14a.htm> (last visited Nov. 6, 2012).

¹⁸ See Factset Research Systems, Inc., *supra* note 4.

Section E discusses the four companies that declassified following successful 2012 precatory proposals submitted by SRP-represented investors. Finally, Section F puts the discussion of the preceding sections together to provide a summary of the 81 declassifications that took place during 2012 and 2013 due to the work of the SRP and SRP-represented investors.

A. Agreements Reached in 2012 and 2013

Through active engagements with companies receiving declassification proposals, the SRP and SRP-represented investors were able to reach negotiated outcomes with 100 companies receiving declassification proposals whereby the companies entered into agreements to move towards annual elections.

Overall, these 100 companies represent about three-quarters of the companies receiving proposals for their 2012 and/or 2013 annual meetings. Furthermore, these 100 companies represent about two-thirds of the 126 S&P 500 companies that had classified boards as of the beginning of 2012. The aggregate market capitalization of these 100 companies (as of December 31, 2013) exceeded one trillion dollars.¹⁹ All of these companies should be commended for their responsiveness to shareholder concerns, and for their willingness to move to annual elections.

From the 100 agreements with companies to move towards annual elections, 90 agreed-upon management proposals have already been voted on by shareholders, resulting in the declassification of 67 companies, and seven management proposals will be voted on in the future. Sections B and C discuss, respectively, the companies that have declassified, and the companies where management proposals will go to a vote in the future.

B. Companies Declassified Following 2012 and 2013 Agreements

Agreed-upon management proposals to declassify have been voted on at 90 companies. Of these 90 proposals, 67 proposals have passed, resulting in the declassification of those companies' boards of directors. These 67 proposals received average support of 99% of votes cast and 81% of shares outstanding.

¹⁹ See Factset Research Systems, Inc., Dataset, SHARKREPELLENT. <http://sharkrepellent.net> (last visited January 5, 2013).

In addition to these 67 declassifications, at two companies (CIGNA Corporation, and Lincoln National Corporation), where the classified board structures were established in the companies' bylaws, after successful engagements with the companies, the board agreed to a declassification through a board-adopted amendment to the company's bylaws.

Table 1 below lists each of the 67 companies where boards were declassified following 2012 and 2013 agreements and the SRP-represented investors that submitted each declassification proposal.

**Table 1: Companies Declassified Following 2012 and 2013 Agreements
With SRP-Represented Investors**

<u>Declassifications following 2012 Agreements</u>	<u>Declassifications following 2013 Agreements</u>
Amphenol Corporation (NCF)	Best Buy Co, Inc. (NCF)
BlackRock, Inc. (ISBI)	CareFusion Corporation (NCF)
C.H. Robinson Worldwide, Inc. (NCF)	CarMax, Inc. (NCF)
C.R. Bard, Inc. (OPERS)	CF Industries Holdings, Inc. (LACERA)
Cabot Oil & Gas Corporation (NCDST)	Chipotle Mexican Grill, Inc. (ISBI)
Cameron International Corporation (NCDST)	Citrix Systems, Inc. (LACERA)
CenturyLink, Inc. (ISBI)	Cognizant Technology Solutions Corporation (LACERA)
CIGNA Corporation (OPERS)	Crown Castle International Corp. (SERS)
Coventry Health Care, Inc. (ISBI)	DENTSPLY International Inc. (LACERA)
DeVRY, Inc. (PRIM)	Edwards Lifesciences Corporation (ISBI)
Fidelity National Information Services, Inc. (ISBI)	EQT Corporation (OPERS)
Flowserve Corporation (NCDST)	F5 Networks, Inc. (ISBI)
FMC Technologies, Inc. (NCDST)	FLIR Systems, Inc. (NCF)
Helmerich & Payne (NCDST)	FMC Corporation (NCF)
Hudson City Bancorp, Inc. (NCF)	GameStop Corp. (NCF)
Intuitive Surgical, Inc. (NCDST)	Hess Corporation (NCDST)
Janus Capital Group Inc. (NCDST)	Johnson Controls, Inc. (PRIM)
JDS Uniphase Corporation (PRIM)	L-3 Communications Holdings Inc. (NCDST)
Juniper Networks, Inc. (ISBI)	Lexmark International (NCDST)

KLA-Tencor Corporation (PRIM)	Lincoln National Corporation (SERS)
McDonald's Corporation (LACERA)	Lorillard, Inc. (ISBI)
Newell Rubbermaid Inc. (ISBI)	Manpower Inc. (SBA)
NRG Energy, Inc. (NCDST)	MetroPCS Communications, Inc. (LACERA)
Owens-Illinois, Inc. (ISBI)	Monsanto Company (PRIM)
Patterson Companies, Inc. (PRIM)	Moody's Corporation (NCF)
Pioneer Natural Resources Company (LACERA)	NII Holdings, Inc. (SBA)
TECO Energy, Inc. (NCF)	O'Reilly Automotive, Inc. (NCF)
The Progressive Corporation (ISBI)	People's United Financial, Inc. (NCDST)
The Western Union Company (NCF)	Red Hat, Inc. (LACERA)
Rowan Companies, Inc. (NCDST)	Roper Industries, Inc. (LACERA)
Stanley Black & Decker, Inc. (NCDST)	Ryder System, Inc. (NCDST)
Wyndham Worldwide Corporation (NCF)	salesforce.com, inc. (NCF)
	Snap-On Inc. (NCDST)
	The J. M. Smucker Company (LACERA)
	Unum Group (LACERA)
	United Natural Foods, Inc. (ISBI)
	Xylem Inc. (NCF)

Of the 90 management declassification proposals that have been voted on, 21 proposals won a substantial majority (receiving average support of 94% of votes cast and 67% of shares outstanding) but did not pass due to the supermajority provisions requiring approval by 75%-85% of shares outstanding. The full details about these proposals can be found in the list of all outcomes provided by the Appendix.²⁰

²⁰ These 21 management proposals that did not pass took place in 19 companies; in two companies, PPG Industries, Inc. and St. Jude Medical Inc., management declassification proposals did not pass the companies' supermajority requirements twice, in both 2012 and 2013.

C. Additional Management Proposals to be Brought Pursuant to 2012 and 2013 Agreements

As noted above, seven agreed-upon management proposals have yet to go to a vote. Of these proposals, one did not go to a vote during the 2013 proxy season due to a postponement of the company's 2013 annual meeting, and six will go to a vote in 2014. Table 2 below lists companies at which these proposals will go to a vote, and the SRP-represented investors that engaged with each company.

Table 2: Additional Management Proposals to Be Brought

Management Proposals Postponed from 2013

Tech Data Corporation (SERS)

Management Proposals to Be Brought in 2014

Allegheny Technologies Incorporated (OPERS)

Autoliv, Inc. (LACERA)

Centene Corporation (ISBI)

The Mosaic Company (OPERS)

Owens Corning (ISBI)

US Airways Group, Inc. (ISBI)

D. Companies Declassified in 2012 Following 2011 Agreements with SRP-represented Investors

In addition to the companies that declassified in 2012 as a result of the 2012 work of the SRP and SRP-represented investors, seven companies declassified in 2012 from the companies entering into agreements during 2011 with the SBA and the NCF, which worked with the American Corporate Governance Institute (ACGI) to submit shareholder proposals in 2011.²¹ In six cases, companies entered into agreements to bring agreed-upon management declassification proposals for approval at their 2012 annual meetings. In one case, the agreement required the company (eBay Inc.) to complete a full review of declassifying its board of directors within four months. Following this review, the company decided to bring a management proposal to declassify its board.

²¹ For a description of this 2011 work, see Lucian Bebchuk and Scott Hirst, *Contributing to the Declassification of 21 S&P 500 Companies: Final Tally of the Results of the ACGI's 2011 Work*, Harvard Law School Forum on Corporate Governance and Financial Regulation October 23, 2012, available at <http://blogs.law.harvard.edu/corpgov/2012/10/23/contributing-to-the-declassification-of-21-sp-500-companies-final-tally-of-the-results-of-the-acgis-2011-work/>

Table 3 below lists the companies that declassified in 2012 following the 2011 agreements. For each company, Table 3 lists the SRP-represented investor that submitted the proposal to the company.

**Table 3: Companies Declassified in 2012 Following 2011 Agreements
With SRP-Represented Investors**

CME Group Inc. (NCF)	eBay Inc. (NCF)
Dean Foods Co (SBA)	Fiserv, Inc. (SBA)
Dr Pepper Snapple Group, Inc. (NCF)	Hospira (NCF)
E*Trade Financial Corporation (SBA)	

E. Companies Declassified Following Successful 2012 Precatory Proposals

In Part V, we discuss in detail the consequences of the many precatory proposals by SRP-represented investors that passed during 2012. However, to provide a complete picture of the scale of board declassification among S&P 500 and Fortune 500 companies during 2012 and 2013, we should also note the declassifications that took place as a result of successful precatory proposals. In particular, following the passage of such proposals at 2012 annual meetings, five companies heeded the expressed preferences of their shareholders – three by declassifying their boards through bylaw amendments and two by bringing management declassification proposals for shareholder approval at their 2013 annual meetings. In the three companies declassifying through bylaw amendments, the classified boards structure was established in the companies’ bylaws (rather than the companies’ charter), which made it possible for the board to declassify without having to bring a management proposal for shareholder approval at the next annual meeting.

Table 4 below lists these five companies that declassified through bylaw amendments and successful management declassification proposals following successful precatory proposals by SRP-represented investors at 2012 meetings. For each company, Table 4 lists the SRP-represented investor that submitted the proposal to the company. We expect that the successful precatory proposals by SRP-represented investors at 2013 meetings will similarly be followed in the future by a significant number of companies heeding the expressed preferences of their shareholders, resulting in additional board declassifications produced by the 2012 and 2013 work of the SRP and SRP-represented investors.

**Table 4: Companies Declassified Following
Successful Precatory Proposals by SRP-Represented Investors**

Bemis Company (NCDST)	V.F. Corporation (NCF)
MEMC Electronic Materials, Inc. (NCDST)	Urban Outfitters, Inc. (ISBI)
Quest Diagnostics Incorporated (ISBI)	

F. Summary of 2012 and 2013 Declassifications

Sections B, C, D, and E discussed board declassification taking place at S&P 500 companies during 2012 and 2013 from three sources – following 2012 and 2013 engagement with the SRP and SRP-represented investors and resulting agreements by companies to bring management proposals, following 2011 agreements with SRP-represented investors, and following 2012 successful precatory proposals by SRP-represented investors. Table 5 below aggregates the number of declassifications due to the 2012 and 2013 work of the SRP and SRP-represented investors.

Source of Declassification	Number of Declassification
Following 2012 and 2013 Agreements with SRP-represented Investors	69
Following 2011 Agreements with SRP-represented Investors	7
Following Successful 2012 Precatory Proposals	5
Total	81

As the table indicates, the total number of board declassifications at S&P 500 and Fortune 500 companies that took place in 2012 and 2013 as a result of work by SRP and SRP-represented investors was 81. Of the 81 companies declassifying their boards, 78 were S&P 500 companies, more than half of the S&P 500 companies that had classified boards at the beginning of 2012. Thus, the 2012 and 2013 board declassifications resulting from work by the SRP and SRP-represented investors has already brought about a major reduction in the incidence of board declassifications among S&P 500 companies.

Furthermore, as Parts V and VI discuss below, the work of the SRP and SRP-represented investors is expected to contribute to a further decrease in the number of classified boards among S&P 500 and Fortune 500 companies during 2014. This decrease is expected to result from the many

successful precatory proposals discussed in Part V, as well as from the ongoing work of the SRP and SRP-represented investors discussed in Part VI.

V. Successful Precatory Proposals

Although the SRP and SRP-represented institutional investors were able to reach negotiated outcomes with 100 of the S&P 500 and Fortune 500 companies receiving proposals, in many other cases they were not able to obtain negotiated agreements. As a result, 61 shareholder proposals urging board declassification have gone to a vote at the 2012 and/or 2013 annual meetings of 54 companies. In seven of the companies which did not agree to move to annual elections following the passage of a precatory declassification proposal in the 2012 annual meeting, declassification proposals by SRP-represented investors were also submitted in 2013, resulting in proposals being voted upon at the companies' 2012 and 2013 annual meetings. Section A describes the high level of success enjoyed by the shareholder proposals, which overwhelmingly passed with strong majority support. Section B discusses the expected consequences of these successful proposals.

A. Successful Precatory Proposals

Altogether, SRP-represented investors have submitted shareholder proposals to 61 S&P 500 and Fortune 500 companies where the SRP and SRP-represented investors were not able to reach negotiated outcomes. Shareholder proposal went to a vote in 41 companies during 2012, and 20 companies during 2013.

Of the 61 proposals that have gone to a vote, 58 proposals passed (95% of the proposals that went to a vote). Three proposals narrowly failed to pass, one proposal at Kellogg Company in 2012 receiving support of 47.3% of votes cast, and two proposals at PACCAR Inc. in 2012 and 2013 receiving support of 49.7% and 49.8% of votes cast, respectively. The 58 successful proposals that passed received large majorities, with average support of 81% of votes cast.

The work of the SRP and SRP-represented investors contributed substantially to the incidence of proposals that were successful in obtaining majority support. Proposals by SRP-represented investors on which the SRP worked represented 53% of the precatory shareholder proposals by public pension funds

that received majority support in 2012 and 2013. Furthermore, such proposals represented 21% of the precatory shareholder proposals by all proponents that received majority support during 2012 and 2013.²²

Table 5 below provides a list of the companies at which the 58 shareholder proposals were successful, together with the SRP-represented investor that submitted each shareholder proposal.

Table 5: Successful Declassification Shareholder Proposals

<u>Shareholder Proposals in 2012</u>	<u>Shareholder Proposals in 2013</u>
Airgas, Inc. (LACERA)	Air Products and Chemicals, Inc. (PRIM)
Apache Corporation (ISBI)	Airgas, Inc. (LACERA)
Baxter International Inc. (NCF)	Ashland Inc. (PRIM)
Bemis Company (NCDST)	BorgWarner, Inc. (NCF)
Best Buy Co, Inc. (NCF)	Costco Wholesale Corporation (PRIM)
CareFusion Corporation (LACERA)	Foot Locker, Inc. (NCDST)
CarMax, Inc. (NCF)	Huntsman Corporation (SBA)
Cerner Corporation (ISBI)	Jacobs Engineering Group Inc. (PRIM)
CF Industries Holdings, Inc. (LACERA)	Jarden Corporation (NCDST)
Chipotle Mexican Grill, Inc. (ISBI)	Kellogg Company (NCDST)
Cognizant Technology Solutions Corporation (LACERA)	NCR Corporation (SBA)
DENTSPLY International Inc. (LACERA)	Netflix, Inc. (SBA)
Edwards Lifesciences Corporation (ISBI)	Rockwell Collins, Inc. (PRIM)
EQT Corporation (OPERS)	SCANA Corporation (SERS)
F5 Networks, Inc. (ISBI)	Teradata Corporation (NCDST)
FLIR Systems, Inc. (NCF)	United States Steel Corporation (NCDST)

²² During 2012 and 2013, a total 278 precatory shareholder proposals received majority support, including 92 such proposals from public pension funds; 58 proposals from institutional investors working with the SRP (49 from public pension funds, nine from the Nathan Cummings Foundation) received majority support. *See* Factset Research Systems, Inc., Dataset, SHARKREPELLENT. <http://sharkrepellent.net> (last visited January 5, 2014).

FMC Corporation (NCF)
Hess Corporation (NCDST)
Lexmark International, Inc. (NCDST)
Limited Brands, Inc. (ISBI)
Lorillard, Inc. (ISBI)
Masco Corporation (ISBI)
MEMC Electronic Materials, Inc. (NCDST)
Moody's Corporation (NCF)
Netflix, Inc. (LACERA)
People's United Financial, Inc. (NCDST)
QEP Resources, Inc. (ISBI)
Quest Diagnostics Incorporated (ISBI)
Red Hat, Inc. (LACERA)
Ryder System, Inc. (NCDST)
salesforce.com, inc. (NCF)
SCANA Corporation (NCDST)
Snap-On Incorporated (NCDST)
The J. M. Smucker Company (LACERA)
United States Steel Corporation (NCDST)
Urban Outfitters, Inc. (ISBI)
V.F. Corporation (NCF)
Vornado Realty Trust (ISBI)
Vulcan Materials Company (ISBI)
Varian Medical Systems, Inc. (PRIM)
Vornado Realty Trust (ISBI)
WESCO International, Inc. (LACERA)

B. Expected Consequences

As discussed earlier, the success of declassification proposals by SRP-represented investors in 2012 annual meetings resulted in a significant number of companies subsequently electing to follow the expressed preferences of their shareholders. Similarly, the substantial shareholder support for such proposals at the 2013 annual meetings of 19 S&P 500 and Fortune 500 companies makes it likely that the

boards of these companies will decide to follow the shareholder preferences expressed in these votes. At the time this report was finalized, the board of six such companies – Air Products and Chemicals, Inc., Ashland Inc., Costco Wholesale Corporation, Jacobs Engineering Group Inc., Rockwell Collins, Inc. and Varian Medical Systems, Inc. – had already publicly announced moves in the direction recommended by its shareholders.

We also expect significant movement towards board declassification among other companies where precatory declassification proposals passed at 2013 annual meetings. The passage of proposals with substantial majorities makes it likely that many of these companies will also follow the clearly-expressed preferences of their shareholders and put forward management proposals to declassify at their 2014 annual meetings. Furthermore, the SRP and SRP-represented investors continue their ongoing engagement with these companies to increase the likelihood of this outcome and, on the basis of this engagement, we expect that a substantial proportion of these companies will move towards annual elections.

VI. Towards the 2014 Proxy Season

Overall, as explained in Part IV, work by the SRP and SRP-represented investors contributed to the declassification of 81 S&P 500 and Fortune 500 companies during 2012 and 2013: 68 declassifications resulting from the passage of management proposals brought pursuant to 2012 or 2013 agreements, seven additional declassifications resulting from 2011 agreements with SRP-represented investors, five companies declassifying following successful precatory proposals at 2012 annual meetings, and one company declassified following a 2013 agreement by amending its bylaws (where company's classified board structures are set out in its bylaws, it may declassify without a shareholder vote).

In this Part VI, we comment on the further movement towards annual elections that we expect to take place during 2014 from the work by the SRP and SRP-represented investors – and in turn on the overall impact that this work is expected to have on the incidence of classified boards among S&P 500 and Fortune 500 companies by the end of 2014. We expect this work to produce additional board declassification during 2014 for three reasons. First, pursuant to agreements entered into during 2012 and 2013 following the submission of declassification proposals, seven companies are expected to bring management proposal to declassify in 2014. Based on our experience with the passage of agreed-upon management proposals in the course of the 2012 and 2013 proxy seasons, we expect a significant number of additional declassifications to result from these seven agreed-upon management proposals.

Second, we expect additional declassifications to take place at the 19 S&P 500 and Fortune 500 companies where precatory proposals were successfully approved by shareholders at 2013 annual meetings. Based on the continued engagement of the SRP and SRP-represented investors, we expect that a significant number of these companies will follow the expressed preference of a large majority of their shareholders and submit management proposals to declassify for a vote during the 2014 proxy season.

Third, the SRP has submitted declassification proposals on behalf of SRP-represented investors to additional S&P 500 and Fortune 500 companies (which did not receive shareholder proposals from SRP-represented investors in 2013) for a vote at their 2014 annual meetings. We expect that some of these companies will agree to bring management proposals to move towards annual elections.

Altogether, the 2014 work of the SRP and SRP-represented investors can be expected to produce considerable further movement towards annual elections beyond the declassifications that have already taken place during 2012 and 2013. Overall, we expect that, as a result of work of the SRP and SRP-represented investors, about 100 S&P 500 and Fortune 500 companies will move toward annual elections by the end of 2014. Furthermore, we expect that this work will result in board declassifications at more than 60% of the S&P 500 companies that had a classified board as of the beginning of 2012, and that it will reduce the incidence of classified boards among S&P 500 companies to less than 10%.

The declassifications that have been produced by the work of the SRP and SRP-investors, and the additional declassifications that are expected to take place, have produced or will produce governance reforms that are widely supported by institutional investors as corporate governance best practice. The work of the SRP and SRP-represented investors is therefore contributing to moving a substantial number of S&P 500 companies towards arrangements that are more consistent with the preferences of institutional investors.

VII. Conclusion

This report provides an overview and analysis of the work that the SRP undertook on behalf of a number of institutional investors during 2012 and 2013, the SRP's first two years of operations. During 2012 and 2013, the SRP worked on behalf of eight SRP-represented investors on board declassification proposals submitted for a vote at the 2012 and/or 2013 annual meetings of 122 S&P 500 and Fortune 500 companies, and this work has produced substantial results:

In particular, negotiated outcomes involving commitments to board declassification were reached with 100 S&P 500 and Fortune 500 companies, about three-quarters of the companies receiving proposals in 2012 and/or 2013. In addition, at companies where negotiated outcomes were not reached, 58

declassification proposals brought by SRP-represented investors received majority support at the 2012 and 2013 annual meetings of 61 S&P 500 and Fortune 500 companies – all but three proposals that went to a vote – with average support of 81% of votes cast.

The work by the SRP and SRP-represented investors has already contributed to a substantial reduction in the number of classified boards among S&P 500 companies. A total of 81 S&P 500 and Fortune 500 companies have declassified their boards during 2012 and 2013 as a result of this work. These 81 companies, which have an aggregate market capitalization exceeding one trillion dollars (as of 12-31-2013), represent about 65% of the companies with which engagements took place and about 60% of the S&P 500 companies that had classified boards as of the beginning of 2012.

Furthermore, the work of the SRP and SRP-represented investors is expected to produce significant further movement toward board declassification among S&P 500 and Fortune 500 companies by the end of 2014. We estimate that, by the end of 2014, this work will have contributed to movement towards board declassification by about 100 S&P 500 and Fortune 500 companies, and by more than 60% of the S&P 500 companies that had classified boards as of the beginning of 2012.

Beyond this contribution, the SRP's 2012 and 2013 work facilitated a substantial increase in successful engagement by public pension funds and enhanced their ability to obtain governance changes widely supported by investors. The proposals that the SRP worked on represented over 50% of the shareholder proposals by public pension funds that received majority support in 2012 and 2013, and over 20% of all precatory shareholder proposals (by all proponents) that received majority support in 2012 and 2013.

Appendix A: Outcomes of All 2012 & 2013 Proposals by Company

The table below shows the outcome or current status of the 122 S&P 500 and Fortune 500 companies where SRP-represented investors submitted shareholder proposals for a vote at annual meetings during 2012 and 2013.²³ The percentages of support shown below are of votes cast.

	Company	Proponent	Outcome/Current Status
1.	Air Products and Chemicals, Inc. (APD)	PRIM	PRECATORY PROPOSAL PASSED in 2013 (80% support); company announced plan to bring management declassification proposal to a vote in 2014.
2.	Airgas, Inc. (ARG)	LACERA	PRECATORY PROPOSAL PASSED in 2012 (64% support); PRECATORY PROPOSAL PASSED in 2013 (57% support).
3.	Akamai Technologies, Inc. (AKAM)	ISBI	Agreed-upon management declassification proposal in 2013 received majority support but did not pass due to 75% supermajority requirement.
4.	Alcoa Inc. (AA)	NCDST	Agreed-upon management declassification proposal in 2012 received majority support but did not pass due to 80% supermajority requirement.
5.	Allegheny Technologies Incorporated (ATI)	OPERS	Agreement reached in 2012; agreed-upon MANAGEMENT DECLASSIFICATION PROPOSAL going to a vote in 2014.
6.	Amphenol Corporation (APH)	NCF	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.

²³ In 2013, the precatory proposal submitted to one company was not presented, and the proposal to another was withdrawn due to technical reasons. In addition, a proposal was withdrawn after one company committed to negotiate with a counterparty to amend an agreement that had been in place before the proposal was submitted which requires the company to maintain a staggered board.

7.	Apache Corporation (APA)	ISBI	PRECATORY PROPOSAL PASSED in 2012(89% support); company subsequently announced management declassification proposal going to a vote in 2013; agreed-upon management declassification proposal in 2013 received majority support but did not pass due to 80% supermajority requirement.
8.	Ashland Inc. (ASH)	PRIM	PRECATORY PROPOSAL PASSED in 2013 (83% support); company announced plan to bring management declassification proposal to a vote in 2014.
9.	Autoliv, Inc. (ALV)	LACERA	Agreement reached in 2013; agreed-upon MANAGEMENT DECLASSIFICATION PROPOSAL to go to a vote in 2014.
10.	Baxter International Inc. (BAX)	NCF	PRECATORY PROPOSAL PASSED in 2012 (99% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; agreed-upon management declassification proposal in 2013 did not pass due to a supermajority requirement.
11.	Bemis Company, Inc. (BMS)	NCDST	PRECATORY PROPOSAL PASSED in 2012 (75% support); BOARD DECLASSIFIED by subsequent board-adopted bylaw amendment.
12.	Best Buy Co, Inc. (BBY)	NCF	PRECATORY PROPOSAL PASSED in 2012 (97% support); Company subsequently announced management declassification proposal going to a vote in 2013; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
13.	BlackRock, Inc. (BLK)	ISBI	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
14.	BorgWarner Inc. (BWA)	NCF	PRECATORY PROPOSAL PASSED in 2013 (99% support).

15.	C.H. Robinson Worldwide, Inc. (CHRW)	NCF	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
16.	C.R. Bard, Inc. (BCR)	OPERS	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
17.	Cabot Oil & Gas Corporation (COG)	NCDST	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
18.	Cameron International Corporation (CAM)	NCDST	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
19.	CareFusion Corporation (CFN)	LACERA (submitted 2012) NCF (submitted 2013)	PRECATORY PROPOSAL PASSED in 2012 (91% support); BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
20.	CarMax, Inc. (KMX)	NCF	PRECATORY PROPOSAL PASSED in 2012 (87% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
21.	Centene Corporation (CNC)	ISBI	Agreement reached in 2013; agreed-upon MANAGEMENT DECLASSIFICATION PROPOSAL to go to a vote in 2014.
22.	CenturyLink, Inc. (CTL)	ISBI	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
23.	Cerner Corporation (CERN)	ISBI	PRECATORY PROPOSAL PASSED in 2012 (65% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; agreed-upon management declassification proposal in 2013 received majority support but did not pass due to 80% supermajority requirement.

24.	CF Industries Holdings, Inc. (CF)	LACERA	PRECATORY PROPOSAL PASSED in 2012 (93% support); company subsequently announced management declassification proposal going to a vote in 2013; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
25.	Chipotle Mexican Grill, Inc. (CMG)	ISBI	PRECATORY PROPOSAL PASSED in 2012 (89% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
26.	CIGNA Corporation (CI)	OPERS	Agreed-upon management declassification proposal received majority support but did not pass due to 80% supermajority requirement; BOARD DECLASSIFIED by subsequent board-adopted bylaw amendment.
27.	Citrix Systems, Inc. (CTXS)	LACERA	Agreement reached in 2012; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
28.	Cognizant Technology Solutions Corporation (CTSH)	LACERA	PRECATORY PROPOSAL PASSED in 2012 (91% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
29.	Costco Wholesale Corporation (COST)	PRIM	PRECATORY PROPOSAL PASSED in 2013 (72% support); company announced plan to bring management declassification proposal to a vote in 2014.
30.	Coventry Health Care, Inc. (CVH)	ISBI	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
31.	Crown Castle International Corp. (CCI)	SERS	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.

32.	DENTSPLY International Inc. (XRAY)	LACERA	PRECATORY PROPOSAL PASSED in 2012 (78% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
33.	DeVRY, Inc. (DV)	PRIM	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
34.	Edwards Lifesciences Corporation (EW)	ISBI	PRECATORY PROPOSAL PASSED in 2012 (99% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
35.	Eli Lilly and Company (LLY)	NCF	Agreed-upon management declassification proposal in 2012 received majority support but did not pass due to 80% supermajority requirement.
36.	EQT Corporation (EQT)	OPERS	PRECATORY PROPOSAL PASSED in 2012 (81% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
37.	F5 Networks, Inc. (FFIV)	ISBI	PRECATORY PROPOSAL PASSED in 2012 (77% support); company subsequently announced management declassification proposal going to a vote in 2013; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
38.	Fidelity National Information Services, Inc. (FIS)	ISBI	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.

39.	FLIR Systems, Inc. (FLIR)	NCF	PRECATORY PROPOSAL PASSED in 2012 (82% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
40.	Flowserve Corporation (FLS)	NCDST	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
41.	FMC Corporation (FMC)	NCF	PRECATORY PROPOSAL PASSED in 2012 (83% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
42.	FMC Technologies, Inc. (FTI)	NCDST	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
43.	Foot Locker, Inc. (FL)	NCDST	PRECATORY PROPOSAL PASSED in 2013 (91% support).
44.	GameStop Corp. (GME)	NCF	Agreement reached in 2012; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
45.	Helmerich & Payne (HP)	NCDST	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
46.	Hess Corporation (HES)	NCDST	PRECATORY PROPOSAL PASSED in 2012 (78% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
47.	Hudson City Bancorp, Inc. (HCBK)	NCF	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
48.	Huntsman Corporation (HUN)	SBA	PRECATORY PROPOSAL PASSED in 2013 (59% support).
49.	Intuitive Surgical, Inc. (ISRG)	NCDST	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.

50.	JDS Uniphase Corporation (JDSU)	PRIM	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
51.	Jacobs Engineering Group Inc. (JEC)	PRIM	PRECATORY PROPOSAL PASSED in 2013 (82% support); company announced plan to bring management declassification proposal to a vote in 2014.
52.	Janus Capital Group Inc. (JNS)	NCDST	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
53.	Jarden Corporation (JAH)	NCDST	PRECATORY PROPOSAL PASSED in 2013 (88% support).
54.	Johnson Controls, Inc. (JCI)	PRIM	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
55.	Juniper Networks, Inc. (JNPR)	ISBI	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
56.	Kellogg Company (K)	NCDST	Precatory proposal did not pass; a precatory proposal was submitted for the 2013 annual meeting and PASSED (52% support).
57.	KLA-Tencor Corporation (KLAC)	PRIM	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
58.	L-3 Communications Holdings, Inc. (LLL)	NCDST	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
59.	Lexmark International, Inc. (LXK)	NCDST	PRECATORY PROPOSAL PASSED in 2012 (93% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
60.	Limited Brands, Inc. (LTD)	ISBI	PRECATORY PROPOSAL PASSED in 2012 (65% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; agreed-upon management declassification proposal received majority support but did not pass due to 75% supermajority requirement.

61.	Lincoln National Corporation (LNC)	SERS	BOARD DECLASSIFIED by board-adopted bylaw amendment.
62.	Lorillard, Inc. (LO)	ISBI	PRECATORY PROPOSAL PASSED in 2012 (96% support); a precatory proposal was submitted for the 2013 annual meeting agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
63.	Manpower Inc. (MAN)	SBA	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
64.	Marathon Petroleum Corporation (MPC)	NCF	Agreed-upon management declassification proposal in 2013 received majority support but did not pass due to 80% supermajority requirement.
65.	Masco Corporation (MAS)	ISBI	PRECATORY PROPOSAL PASSED in 2012 (85% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; agreed-upon management declassification proposal received majority support but did not pass due to 80% supermajority requirement.
66.	McDonald's Corporation (MCD)	LACERA	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
67.	MEMC Electronic Materials, Inc. (WFR)	NCDST	PRECATORY PROPOSAL PASSED in 2012 (96% support); company subsequently announced management declassification proposal going to a vote in 2013; BOARD DECLASSIFIED after the company's announced management declassification proposal passed in 2013.
68.	MetroPCS Communications, Inc. (PCS)	LACERA	Agreement reached in 2012; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
69.	Monsanto Company (MON)	PRIM	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.

70.	Moody's Corporation (MCO)	NCF	PRECATORY PROPOSAL PASSED in 2012 (77% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
71.	NCR Corporation (NCR)	SBA	PRECATORY PROPOSAL PASSED in 2013 (80% support).
72.	Netflix, Inc. (NFLX)	LACERA (submitted 2012) SBA (submitted 2013)	PRECATORY PROPOSAL PASSED in 2012 (75% support); a precatory proposal was submitted for the 2013 annual meeting and PASSED (88% support).
73.	Newell Rubbermaid Inc. (NWL)	ISBI	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
74.	NII Holdings, Inc. (NIHD)	SBA	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
75.	NRG Energy, Inc. (NRG)	NCDST	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
76.	O'Reilly Automotive, Inc. (ORLY)	NCF	Agreement reached in 2012; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
77.	Owens Corning (OC)	ISBI	Agreement reached in 2013; agreed-upon MANAGEMENT DECLASSIFICATION PROPOSAL to go to a vote in 2014.
78.	Owens-Illinois, Inc. (OI)	ISBI	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
79.	PACCAR Inc. (PCAR)	NCDST	Precatory proposal did not pass in 2012; a precatory proposal was submitted for the 2013 annual meeting and did not pass.
80.	Patterson Companies, Inc. (PDCO)	PRIM	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.

81.	People's United Financial, Inc. (PBCT)	NCDST	PRECATORY PROPOSAL PASSED in 2012 (91% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
82.	Perrigo Company (PRGO)	LACERA	Precatory proposal was submitted for 2013; after the company agreed to move toward declassification the company declassified as part of a merger.
83.	Pioneer Natural Resources Company (PXD)	LACERA	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
84.	PPG Industries, Inc. (PPG)	NCDST	Agreed-upon management declassification proposal in 2012 received majority support but did not pass due to 80% supermajority requirement; a precatory proposal was submitted for the 2013 annual meeting and agreement reached; agreed-upon management declassification proposal received majority support but did not pass due to 80% supermajority requirement.
85.	Principal Financial Group, Inc. (PFG)	ISBI	Agreement reached in 2012; agreed-upon management declassification proposal received majority support but did not pass due to 75% supermajority requirement.
86.	QEP Resources, Inc. (QEP)	ISBI	PRECATORY PROPOSAL PASSED in 2012 (88% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; agreed-upon management declassification proposal received majority support but did not pass due to 80% supermajority requirement.

87.	Quest Diagnostics Incorporated (DGX)	ISBI	PRECATORY PROPOSAL PASSED in 2012 (94% support); company subsequently announced management declassification proposal going to a vote in 2013; BOARD DECLASSIFIED after the company's announced management declassification proposal passed in 2013.
88.	Red Hat, Inc. (RHT)	LACERA	PRECATORY PROPOSAL PASSED in 2012 (95% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
89.	Reinsurance Group of America, Incorporated (RGA)	SERS	Agreed-upon management declassification proposal in 2013 received majority support but did not pass due to 85% supermajority requirement.
90.	Rockwell Collins, Inc. (COL)	PRIM	PRECATORY PROPOSAL PASSED in 2013 (83% support); company announced plan to bring management declassification proposal to a vote in 2014.
91.	Roper Industries, Inc. (ROP)	LACERA	Agreement reached in 2012; agreed-upon MANAGEMENT DECLASSIFICATION PROPOSAL going to a vote in 2013.
92.	Rowan Companies, Inc. (RDC)	NCDST	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
93.	Ryder System, Inc. (R)	NCDST	PRECATORY PROPOSAL PASSED in 2012 (88% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.

94.	salesforce.com, inc. (CRM)	NCF	PRECATORY PROPOSAL PASSED in 2012 (81% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
95.	SCANA Corporation (SCG)	NCDST (submitted 2012) SERS (submitted 2013)	PRECATORY PROPOSAL PASSED in 2012 (60% support); a precatory proposal was submitted for the 2013 annual meeting and PASSED (70% support).
96.	Snap-On Incorporated (SNA)	NCDST	PRECATORY PROPOSAL PASSED in 2012 (85% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
97.	SPX Corporation (SPW)	SBA	Agreed-upon management declassification proposal in 2013 received majority support but did not pass due to 80% supermajority requirement.
98.	St. Jude Medical, Inc. (STJ)	ISBI	Agreed-upon management declassification proposal in 2012 received majority support but did not pass due to 80% supermajority requirement; a precatory proposal was submitted for the 2013 annual meeting and agreement reached; agreed-upon management declassification proposal received majority support but did not pass due to 80% supermajority requirement.
99.	Stanley Black & Decker, Inc. (SWK)	NCDST	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
100.	Tech Data Corporation (TECD)	SERS	Agreement reached in 2013; agreed-upon MANAGEMENT DECLASSIFICATION PROPOSAL to go to a vote at the coming annual meeting (which has been postponed from 2013).

101.	TECO Energy, Inc. (TE)	NCF	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
102.	Tellabs, Inc. (TLAB)	OPERS	Agreement reached in 2012; agreed-upon management declassification proposal in 2013 received majority support but did not pass due to 75% supermajority requirement.
103.	Teradata Corporation (TDC)	NCDST	Agreed-upon management declassification proposal in 2012 received majority support but did not pass due to 80% supermajority requirement; PRECATORY PROPOSAL PASSED in 2013 (99% support).
104.	The J. M. Smucker Company (SJM)	LACERA	PRECATORY PROPOSAL PASSED in 2012 (77% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
105.	The Mosaic Company (MOS)	OPERS	Agreement reached in 2013; agreed-upon MANAGEMENT DECLASSIFICATION PROPOSAL to go to a vote in 2014.
106.	The Progressive Corporation (PGR)	ISBI	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
107.	The Western Union Company (WU)	NCF	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
108.	United Natural Foods, Inc. (UNFI)	ISBI	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
109.	United States Steel Corporation (X)	NCDST	PRECATORY PROPOSAL PASSED in 2012 (82% support); PRECATORY PROPOSAL PASSED in 2013 (81% support).
110.	Unum Group (UNM)	LACERA	Agreement reached in 2012; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.

111.	Urban Outfitters, Inc. (URBN)	ISBI	PRECATORY PROPOSAL PASSED in 2012 (60% support); BOARD DECLASSIFIED by subsequent board-adopted bylaw amendment.
112.	US Airways Group, Inc. (LCC)	ISBI	Agreement reached in 2013; agreed-upon MANAGEMENT DECLASSIFICATION PROPOSAL to go to a vote in 2014.
113.	V. F. Corporation (VFC)	NCF	PRECATORY PROPOSAL PASSED in 2012 (63% support); BOARD DECLASSIFIED by subsequent board-adopted bylaw amendment.
114.	Varian Medical Systems, Inc. (VAR)	PRIM	PRECATORY PROPOSAL PASSED in 2013 (75% support); company announced plan to bring management declassification proposal to a vote in 2014.
115.	Vornado Realty Trust (VNO)	ISBI	PRECATORY PROPOSAL PASSED in 2012 (86% support); PRECATORY PROPOSAL PASSED in 2013 (84% support).
116.	Vulcan Materials Company (VMC)	ISBI	PRECATORY PROPOSAL PASSED in 2012 (73% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; agreed-upon management declassification proposal received majority support but did not pass due to 80% supermajority requirement.
117.	WESCO International, Inc. (WCC)	LACERA	PRECATORY PROPOSAL PASSED in 2013 (88% support).
118.	Wyndham Worldwide Corporation (WYN)	NCF	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
119.	Xylem Inc. (XYL)	NCF	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.

Appendix B: Outcomes of All 2012 & 2013 Proposals by Proponent

For each of the SRP-represented investors with which the SRP work in connection with shareholder proposals submitted to 2012 and 2013 annual meetings, the tables below provide the outcome or current status of the engagement. The percentages of support shown below are of votes cast.

A. Outcomes of all 2012 & 2013 Proposals by ISBI

Company	Proponent	Outcome/Current Status
1. Akamai Technologies, Inc. (AKAM)	ISBI	Agreed-upon management declassification proposal in 2013 received majority support but did not pass due to 75% supermajority requirement.
2. Apache Corporation (APA)	ISBI	PRECATORY PROPOSAL PASSED (89% support); company subsequently announced management declassification proposal going to a vote in 2013; agreed-upon management declassification proposal in 2013 received majority support but did not pass due to 80% supermajority requirement.
3. BlackRock, Inc. (BLK)	ISBI	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
4. Centene Corporation (CNC)	ISBI	Agreement reached in 2013; agreed-upon MANAGEMENT DECLASSIFICATION PROPOSAL to go to a vote in 2014.
5. CenturyLink, Inc. (CTL)	ISBI	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
6. Cerner Corporation (CERN)	ISBI	PRECATORY PROPOSAL PASSED in 2012 (65% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; agreed-upon management declassification proposal in 2013 received majority support but did not pass due to 80% supermajority requirement.

7. Chipotle Mexican Grill, Inc. (CMG)	ISBI	PRECATORY PROPOSAL PASSED in 2012 (89% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
8. Coventry Health Care, Inc. (CVH)	ISBI	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
9. Edwards Lifesciences Corporation (EW)	ISBI	PRECATORY PROPOSAL PASSED in 2012 (99% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
10. F5 Networks, Inc. (FFIV)	ISBI	PRECATORY PROPOSAL PASSED in 2012 (77% support); company subsequently announced management declassification proposal going to a vote in 2013; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
11. Fidelity National Information Services, Inc. (FIS)	ISBI	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
12. Juniper Networks, Inc. (JNPR)	ISBI	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
13. Limited Brands, Inc. (LTD)	ISBI	PRECATORY PROPOSAL PASSED in 2012 (65% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; agreed-upon management declassification proposal received majority support but did not pass due to 75% supermajority requirement.

14. Lorillard, Inc. (LO)	ISBI	PRECATORY PROPOSAL PASSED in 2012 (96% support); a precatory proposal was submitted for the 2013 annual meeting agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
15. Masco Corporation (MAS)	ISBI	PRECATORY PROPOSAL PASSED in 2012 (85% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; agreed-upon management declassification proposal received majority support but did not pass due to 80% supermajority requirement.
16. Newell Rubbermaid Inc. (NWL)	ISBI	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
17. Owens Corning (OC)	ISBI	Agreement reached in 2013; agreed-upon MANAGEMENT DECLASSIFICATION PROPOSAL to go to a vote in 2014.
18. Owens-Illinois, Inc. (OI)	ISBI	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
19. Principal Financial Group, Inc. (PFG)	ISBI	Agreement reached in 2012; agreed-upon management declassification proposal received majority support but did not pass due to 75% supermajority requirement.
20. QEP Resources, Inc. (QEP)	ISBI	PRECATORY PROPOSAL PASSED in 2012 (88% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; agreed-upon management declassification proposal received majority support but did not pass due to 80% supermajority requirement.

21. Quest Diagnostics Incorporated (DGX)	ISBI	PRECATORY PROPOSAL PASSED in 2012 (94% support); company subsequently announced management declassification proposal going to a vote in 2013; BOARD DECLASSIFIED after the company's announced management declassification proposal passed in 2013.
22. St. Jude Medical, Inc. (STJ)	ISBI	Agreed-upon management declassification proposal in 2012 received majority support but did not pass due to 80% supermajority requirement; a precatory proposal was submitted for the 2013 annual meeting and agreement reached; agreed-upon management declassification proposal received majority support but did not pass due to 80% supermajority requirement.
23. The Progressive Corporation (PGR)	ISBI	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
24. United Natural Foods, Inc. (UNFI)	ISBI	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
25. Urban Outfitters, Inc. (URBN)	ISBI	PRECATORY PROPOSAL PASSED in 2012 (60% support); BOARD DECLASSIFIED by subsequent board-adopted bylaw amendment.
26. US Airways Group, Inc. (LCC)	ISBI	Agreement reached in 2013; agreed-upon MANAGEMENT DECLASSIFICATION PROPOSAL to go to a vote in 2014.
27. Vornado Realty Trust (VNO)	ISBI	PRECATORY PROPOSAL PASSED in 2012 (86% support); PRECATORY PROPOSAL PASSED in 2013 (84% support).

28. Vulcan Materials Company (VMC)	ISBI	PRECATORY PROPOSAL PASSED in 2012 (73% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; agreed-upon management declassification proposal received majority support but did not pass due to 80% supermajority requirement.
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B. Outcomes of all 2012 & 2013 Proposals by LACERA

Company	Proponent	Outcome/Current Status
1. Airgas, Inc. (ARG)	LACERA	PRECATORY PROPOSAL PASSED in 2012 (64% support); PRECATORY PROPOSAL PASSED in 2013 (57% support).
2. Autoliv, Inc. (ALV)	LACERA	Agreement reached in 2013; agreed-upon MANAGEMENT DECLASSIFICATION PROPOSAL to go to a vote in 2014.
3. CareFusion Corporation (CFN)	LACERA (submitted 2012)	PRECATORY PROPOSAL PASSED in 2012 (91% support); BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
4. CF Industries Holdings, Inc. (CF)	LACERA	PRECATORY PROPOSAL PASSED in 2012 (93% support); Company subsequently announced management declassification proposal going to a vote in 2013; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
5. Citrix Systems, Inc. (CTXS)	LACERA	Agreement reached in 2012; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.

6.	Cognizant Technology Solutions Corporation (CTSH)	LACERA	PRECATORY PROPOSAL PASSED in 2012 (91% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
7.	DENTSPLY International Inc. (XRAY)	LACERA	PRECATORY PROPOSAL PASSED in 2012 (78% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
8.	McDonald's Corporation (MCD)	LACERA	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
9.	MetroPCS Communications, Inc. (PCS)	LACERA	Agreement reached in 2012; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
10.	Netflix, Inc. (NFLX)	LACERA (submitted 2012)	PRECATORY PROPOSAL PASSED in 2012 (75% support); a precatory proposal was submitted for the 2013 annual meeting and PASSED (88% support).
11.	Perrigo Company (PRGO)	LACERA	Precatory proposal was submitted for 2013; after the company agreed to move toward declassification the company merged and the newly created company provides for a declassified board.
12.	Pioneer Natural Resources Company (PXD)	LACERA	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
13.	Red Hat, Inc. (RHT)	LACERA	PRECATORY PROPOSAL PASSED in 2012 (95% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.

14. Roper Industries, Inc. (ROP)	LACERA	Agreement reached in 2012; agreed-upon MANAGEMENT DECLASSIFICATION PROPOSAL going to a vote in 2013.
15. The J. M. Smucker Company (SJM)	LACERA	PRECATORY PROPOSAL PASSED in 2012 (77% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
16. Unum Group (UNM)	LACERA	Agreement reached in 2012; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
17. WESCO International, Inc. (WCC)	LACERA	PRECATORY PROPOSAL PASSED in 2013 (88% support).

C. Outcomes of all 2012 & 2013 Proposals by NCF

Company	Proponent	Outcome/Current Status
1. Amphenol Corporation (APH)	NCF	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
2. Baxter International Inc. (BAX)	NCF	PRECATORY PROPOSAL PASSED in 2012 (99% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; agreed-upon management declassification proposal in 2013 did not pass due to a supermajority requirement.
3. Best Buy Co, Inc. (BBY)	NCF	PRECATORY PROPOSAL PASSED in 2012 (97% support); Company subsequently announced management declassification proposal going to a vote in 2013; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
4. BorgWarner Inc. (BWA)	NCF	PRECATORY PROPOSAL PASSED in 2013 (99% support).

5.	C.H. Robinson Worldwide, Inc. (CHRW)	NCF	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
6.	CareFusion Corporation (CFN)	NCF (submitted 2013)	PRECATORY PROPOSAL PASSED in 2012 (91% support); BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
7.	CarMax, Inc. (KMX)	NCF	PRECATORY PROPOSAL PASSED in 2012 (87% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
8.	Eli Lilly and Company (LLY)	NCF	Agreed-upon management declassification proposal in 2012 received majority support but did not pass due to 80% supermajority requirement.
9.	FLIR Systems, Inc. (FLIR)	NCF	PRECATORY PROPOSAL PASSED in 2012 (82% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
10.	FMC Corporation (FMC)	NCF	PRECATORY PROPOSAL PASSED in 2012 (83% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
11.	GameStop Corp. (GME)	NCF	Agreement reached in 2012; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
12.	Hudson City Bancorp, Inc. (HCBK)	NCF	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.

13. Marathon Petroleum Corporation (MPC)	NCF	Agreed-upon management declassification proposal in 2013 received majority support but did not pass due to 80% supermajority requirement.
14. Moody's Corporation (MCO)	NCF	PRECATORY PROPOSAL PASSED in 2012 (77% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
15. O'Reilly Automotive, Inc. (ORLY)	NCF	Agreement reached in 2012; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
16. salesforce.com, inc. (CRM)	NCF	PRECATORY PROPOSAL PASSED in 2012 (81% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
17. TECO Energy, Inc. (TE)	NCF	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
18. The Western Union Company (WU)	NCF	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
19. V. F. Corporation (VFC)	NCF	PRECATORY PROPOSAL PASSED in 2012 (63% support); BOARD DECLASSIFIED by subsequent board-adopted bylaw amendment.
20. Wyndham Worldwide Corporation (WYN)	NCF	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
21. Xylem Inc. (XYL)	NCF	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.

D. Outcomes of all 2012 & 2013 Proposals by NCDST

Company	Proponent	Outcome/Current Status
1. Alcoa Inc. (AA)	NCDST	Agreed-upon management declassification proposal in 2012 received majority support but did not pass due to 80% supermajority requirement.
2. Bemis Company, Inc. (BMS)	NCDST	PRECATORY PROPOSAL PASSED in 2012 (75% support); BOARD DECLASSIFIED by subsequent board-adopted bylaw amendment.
3. Cabot Oil & Gas Corporation (COG)	NCDST	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
4. Cameron International Corporation (CAM)	NCDST	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
5. Flowserve Corporation (FLS)	NCDST	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
6. FMC Technologies, Inc. (FTI)	NCDST	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
7. Foot Locker, Inc. (FL)	NCDST	PRECATORY PROPOSAL PASSED in 2013 (91% support).
8. Helmerich & Payne (HP)	NCDST	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
9. Hess Corporation (HES)	NCDST	PRECATORY PROPOSAL PASSED in 2012 (78% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
10. Intuitive Surgical, Inc. (ISRG)	NCDST	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
11. Janus Capital Group Inc. (JNS)	NCDST	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.

12. Jarden Corporation (JAH)	NCDST	PRECATORY PROPOSAL PASSED in 2013 (88% support).
13. Kellogg Company (K)	NCDST	Precatory proposal did not pass; a precatory proposal was submitted for the 2013 annual meeting and PASSED (52% support).
14. L-3 Communications Holdings, Inc. (LLL)	NCDST	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
15. Lexmark International, Inc. (LXK)	NCDST	PRECATORY PROPOSAL PASSED in 2012 (93% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
16. MEMC Electronic Materials, Inc. (WFR)	NCDST	PRECATORY PROPOSAL PASSED in 2012 (96% support); Company subsequently announced management declassification proposal going to a vote in 2013; BOARD DECLASSIFIED after the company's announced management declassification proposal passed in 2013.
17. NRG Energy, Inc. (NRG)	NCDST	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
18. PACCAR Inc. (PCAR)	NCDST	Precatory proposal did not pass in 2012; a precatory proposal was submitted for the 2013 annual meeting and did not pass.
19. People's United Financial, Inc. (PBCT)	NCDST	PRECATORY PROPOSAL PASSED in 2012 (91% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.

20. PPG Industries, Inc. (PPG)	NCDST	Agreed-upon management declassification proposal in 2012 received majority support but did not pass due to 80% supermajority requirement; a precatory proposal was submitted for the 2013 annual meeting and agreement reached; agreed-upon management declassification proposal received majority support but did not pass due to 80% supermajority requirement.
21. Rowan Companies, Inc. (RDC)	NCDST	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
22. Ryder System, Inc. (R)	NCDST	PRECATORY PROPOSAL PASSED in 2012 (88% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
23. SCANA Corporation (SCG)	NCDST (submitted 2012)	PRECATORY PROPOSAL PASSED in 2012 (60% support); a precatory proposal was submitted for the 2013 annual meeting and PASSED (70% support).
24. Snap-On Incorporated (SNA)	NCDST	PRECATORY PROPOSAL PASSED in 2012 (85% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
25. Stanley Black & Decker, Inc. (SWK)	NCDST	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
26. Teradata Corporation (TDC)	NCDST	Agreed-upon management declassification proposal in 2012 received majority support but did not pass due to 80% supermajority requirement; PRECATORY PROPOSAL PASSED in 2013 (99% support).

27. United States Steel Corporation (X)	NCDST	PRECATORY PROPOSAL PASSED in 2012 (82% support); PRECATORY PROPOSAL PASSED in 2013 (81% support).
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E. Outcomes of all 2012 & 2013 Proposals by OPERS

Company	Proponent	Outcome/Current Status
1. Allegheny Technologies Incorporated (ATI)	OPERS	Agreement reached in 2012; agreed-upon MANAGEMENT DECLASSIFICATION PROPOSAL going to a vote in 2014.
2. C.R. Bard, Inc. (BCR)	OPERS	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
3. CIGNA Corporation (CI)	OPERS	Agreed-upon management declassification proposal received majority support but did not pass due to 80% supermajority requirement; BOARD DECLASSIFIED by subsequent board-adopted bylaw amendment.
4. EQT Corporation (EQT)	OPERS	PRECATORY PROPOSAL PASSED in 2012 (81% support); a precatory proposal was submitted for the 2013 annual meeting and agreement reached; BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
5. Tellabs, Inc. (TLAB)	OPERS	Agreement reached in 2012; agreed-upon management declassification proposal in 2013 received majority support but did not pass due to 75% supermajority requirement.
6. The Mosaic Company (MOS)	OPERS	Agreement reached in 2013; agreed-upon MANAGEMENT DECLASSIFICATION PROPOSAL to go to a vote in 2014.

F. Outcomes of all 2012 & 2013 Proposals by PRIM

Company	Proponent	Outcome/Current Status
1. Air Products and Chemicals, Inc. (APD)	PRIM	PRECATORY PROPOSAL PASSED in 2013 (80% support); Company announced plan to bring management declassification proposal to a vote in 2014.
2. Ashland Inc. (ASH)	PRIM	PRECATORY PROPOSAL PASSED in 2013 (83% support); company announced plan to bring management declassification proposal to a vote in 2014.
3. Costco Wholesale Corporation (COST)	PRIM	PRECATORY PROPOSAL PASSED in 2013 (72% support); company announced plan to bring management declassification proposal to a vote in 2014.
4. DeVRY, Inc. (DV)	PRIM	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
5. JDS Uniphase Corporation (JDSU)	PRIM	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
6. Jacobs Engineering Group Inc. (JEC)	PRIM	PRECATORY PROPOSAL PASSED in 2013 (82% support); company announced plan to bring management declassification proposal to a vote in 2014.
7. Johnson Controls, Inc. (JCI)	PRIM	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
8. KLA-Tencor Corporation (KLAC)	PRIM	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
9. Monsanto Company (MON)	PRIM	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
10. Patterson Companies, Inc. (PDCO)	PRIM	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.

11. Rockwell Collins, Inc. (COL)	PRIM	PRECATORY PROPOSAL PASSED in 2013 (83% support); company announced plan to bring management declassification proposal to a vote in 2014.
12. Varian Medical Systems, Inc. (VAR)	PRIM	PRECATORY PROPOSAL PASSED in 2013 (75% support); company announced plan to bring management declassification proposal to a vote in 2014.

G. Outcomes of all 2012 & 2013 Proposals by SBA

Company	Proponent	Outcome/Current Status
1. Huntsman Corporation (HUN)	SBA	PRECATORY PROPOSAL PASSED in 2013 (59% support).
2. Manpower Inc. (MAN)	SBA	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
3. NCR Corporation (NCR)	SBA	PRECATORY PROPOSAL PASSED in 2013 (80% support).
4. Netflix, Inc. (NFLX)	SBA (submitted 2013)	PRECATORY PROPOSAL PASSED in 2012 (75% support); a precatory proposal was submitted for the 2013 annual meeting and PASSED (88% support).
5. NII Holdings, Inc. (NIHD)	SBA	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
6. SPX Corporation (SPW)	SBA	Agreed-upon management declassification proposal in 2013 received majority support but did not pass due to 80% supermajority requirement.

H. Outcomes of all 2012 & 2013 Proposals by SERS

Company	Proponent	Outcome/Current Status
1. Crown Castle International Corp. (CCI)	SERS	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2013.
2. Lincoln National Corporation (LNC)	SERS	BOARD DECLASSIFIED by board-adopted bylaw amendment.

3. Reinsurance Group of America, Incorporated (RGA)	SERS	Agreed-upon management declassification proposal in 2013 received majority support but did not pass due to 85% supermajority requirement.
4. SCANA Corporation (SCG)	SERS (submitted 2013)	PRECATORY PROPOSAL PASSED in 2012 (60% support); a precatory proposal was submitted for the 2013 annual meeting and PASSED (70% support).
5. Tech Data Corporation (TECD)	SERS	Agreement reached in 2013; agreed-upon MANAGEMENT DECLASSIFICATION PROPOSAL to go to a vote at the coming annual meeting (which has been postponed from 2013).