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Fall Season Offers Glimpses into 2015

By Shirley Westcott **October 2014**

As 2014 winds down, fall annual meetings are setting the stage for an active 2015 proxy season. During the second half of 2014, shareholder proponents continued honing key proposal topics, such as proxy access, while regrouping for next year's campaigns on climate change and campaign finance. Hedge funds have also been undeterred—and winning investor backing—in launching wholesale ousters of underperforming boards, not to mention drawing attention to problematic features in corporate bylaws. Meanwhile, the robust M&A market is being shaken by a regulatory clampdown on tax-driven mergers, contributing to a record level of deal failures this year.

Below are some of the highlights of the fall season and a preview of upcoming activist campaigns.

Proxy Access

This has been a breakthrough year for proxy access proposals mirroring the 3%/3-year rule proposed by the SEC in 2010. To date, six shareholder resolutions have received majority support and nine issuers, including Darden Restaurants, have adopted or committed to adopting access rights. Filling out this year's roster is an upcoming shareholder proposal at Oracle sponsored by the Nathan Cummings Foundation and four other investors. As with other targets this year, Oracle was singled out for its lavish executive compensation packages, which have been voted down by shareholders for the past two years. Although the company recently cut stock option awards and restructured its leadership—with two co-CEOs and Larry Ellison as executive chairman—the proponents regard these measures as a mere "rearrangement of the deck chairs" that won't rectify the deeper malaise on the board.

Gadfly proponents are also shifting towards a 3%/3-year access requirement. A new version of their retail-oriented resolution, filed at FedEx, Cisco Systems, and Microsoft, would permit director nominations by holders of 3% of the stock for three years (previously 1%-5% for two years) and/or by a group of 25 or more holders each owning at least $2,000 in stock for three years. Although the higher threshold proposal was designed to be more acceptable to proxy advisory firms, it failed to win their endorsement at FedEx, where it also received only 3.2% voter support. In view of this, James McRitchie plans to switch to the more conventional 3%/3-year access model in future initiatives. For 2015, he and Harrington Investments are jointly or individually filing proxy access resolutions at Anthem, Apple, Bank of America, CSP, Monsanto, and Whole Foods Market.[1]

Board Tenure and Diversity

McRitchie and John Chevedden are additionally collaborating on a new proposal to reduce director entrenchment by requiring that at least 67% of the board have less than 15 years of tenure. So far, the resolution has been filed at Costco Wholesale; other submissions will target companies where more than two-thirds of the directors have served for 10 years or more, and the board shows other signs of stagnation or entrenchment.

In the past, shareholder resolutions seeking to limit director tenure have fared poorly, typically receiving only single-digit support. Neither ISS nor Glass Lewis currently support shareholder or management proposals calling for director term limits or a mandatory retirement age.

Separately, for a third consecutive year, the Thirty Percent Coalition, spearheaded by the California State Teachers' Retirement System (CalSTRS) and Walden Asset Management, has initiated a letter-writing

[1] Other 2015 proxy access filings include a 3%/3-year proposal at Hologic by the City of Philadelphia Public Employees Retirement System.

campaign asking 100 Russell 1000 companies to improve the gender diversity of their boards. The Coalition's goal is for women to occupy 30% of public company board seats by the end of 2015.

Shareholder proposals on the issue are also expected to equal or exceed 2014 levels in the upcoming proxy season, though historically most get withdrawn following successful dialogues with issuers. Next year's filings, however, will go beyond requests to simply include a commitment to diversity and inclusive director searches in companies' nominating committee charters. As reported by ISS, Walden Asset Management and other proponents will seek a progress report highlighting what the company has done on gender diversity efforts.

Calls for greater gender diversity in boardrooms are having an impact, according to a recent ISS report.[2] In 2014 almost 30% of new board nominees at S&P 500 companies have been women, up from 15% in 2008. At Russell 3000 companies, women constituted 22% of new board nominees in 2014, compared to 11% in 2008.

Voting Mechanics

Investor Voice is reprising its 2013 proposals at ConAgra Foods, FedEx, and Oracle to require that all matters presented to shareholders, other than the election of directors, be decided by a simple majority of "for" and "against" votes, except where shareholders have approved higher thresholds or applicable laws or stock exchange regulations dictate otherwise. So far, the resolutions are not gaining any traction this year, netting only 12.6% at ConAgra and 8.1% at FedEx. In the case of all three companies, altering the vote calculation formula would offer no practical benefit to shareholders because abstentions are effectively counted as votes against a proposal whether sponsored by management (other than director elections) or by a shareholder.

Similar proposals filed by Investor Voice this year were omitted, withdrawn, or not presented at the shareholders' meetings. However, the proponent did score one success at J.M. Smucker, which amended its code of regulations at its August annual meeting in accordance with Investor Voice's vote-counting methodology.

John Chevedden continues to face no-action setbacks with his proposals on interim vote tallies. A new version filed at FedEx and NetApp would have precluded management from receiving preliminary vote results prior to a shareholders' meeting unless the board determined there was a compelling reason to obtain them. Both companies were able to exclude the resolutions on ordinary business grounds. For 2015, Chevedden appears to be reverting to his original proposal, filed at Oshkosh (and subsequently withdrawn), to adopt a bylaw whereby in uncontested matters a running tally of votes would not be available to management or the board or be used to solicit votes. Although most of these resolutions were omitted in 2014 as vague and indefinite, at the five companies where they were not challenged average support reached 36.2%.[3]

Political Spending

In the run-up to the mid-term elections, campaign finance proposals are continuing to feature in corporate proxies. The fall line-up includes seven proposals calling for the disclosure of political donations, (with another teed up for Intuit's January 2015 annual meeting), one on grassroots lobbying, and one on the alignment between corporate values and political contributions.

Meanwhile, the SEC is still facing pressure to require public companies to disclose their use of corporate funds for political purposes. A 2011 rulemaking petition filed by a group of law professors has generated over one million comments, and advocates are hopeful the Commission will include the matter in

[2] See http://www.issgovernance.com/proportion-women-board-nominees-reaches-time-high/ and http://www.issgovernance.com/library/gender-diversity-boards-review-global-trends/.

[3] The proposal was voted on at Cummins, Fiserv, Flowserve, Netflix, and Whole Foods Market.

its 2015 regulatory agenda, due out this fall. A recent survey of over 1,500 financial analysts by the CFA Institute found that 60% favor a disclosure requirement, 13% oppose it, and 27% believe companies should not make any political contributions at all.[4] Shareholders, however, have shown waning interest this year in political spending disclosure. Although a handful of resolutions have received majority support (excluding abstentions), average support has declined to 28.7% from 31.3% in 2013.[5]

Even without pressure from activists, the Center for Political Accountability (CPA) reports that voluntary corporate disclosures are on the rise. According to the recently released 2014 CPA-Zicklin Index, which rates the top 300 S&P 500 companies on the quality of their political spending disclosures, 34 of the 139 companies with no history of shareholder resolutions disclose full or partial information on their direct political expenditures or say that they do not make any such payments.[6] Thirty-two others not only disclose their direct expenditures, but also their payments to 501(c)(4) groups and in some cases to trade associations as well.

A recent report by the Center for Competitive Politics (CCP), however, disputes the notion that the business community is readily embracing increased political spending disclosure. Indeed, companies choosing to make disclosures beyond what is required by law are *more* likely to receive shareholder proposals than companies that disclose less; these companies have also faced more burdensome demands from activists, such as disclosure of lobbying and trade association expenditures.[7]

New variations of political activity proposals are already in the works for 2015. The conservative National Center for Public Policy Research (NCPPR) has filed resolutions at Costco Wholesale, Deere & Co., Visa, and Walt Disney to adopt anti-discrimination principles that protect employees' rights to engage in legal activities relating to the political process, civic activities, and public policy without retaliation in the workplace. Both companies are seeking no-action relief on various grounds, including that they have substantially implemented the proposal in their business codes of conduct.

Environmental Issues

As in 2014, environmental and social (E&S) resolutions will likely outpace traditional governance issues in 2015, which are increasingly being addressed through direct engagement.[8] Already, social activists are teeing up proposals for next year's annual meetings on various environmental concerns including sustainability reporting, sustainable palm oil sourcing, water stewardship, and greenhouse gas emissions.[9]

The two most prevalent E&S topics—climate change and campaign finance—are also becoming more intertwined as environmental activists press companies to drop their financial support of organizations which they feel are obstructing public policy on renewable energy. In August, Walden Asset Management and the Sustainability Group challenged 35 companies to reconsider their affiliation with the American Legislative Exchange Council (ALEC), a conservative coalition of state legislators and corporations. Although a spate of firms—including Occidental Petroleum, International Paper, and five tech giants—

[4] See the CFA Institute survey at http://cfainstitute.org/Survey/political_contribution_survey_final.pdf.

[5] To date this year, three political spending resolutions (Dean Foods, H&R Block, and Smith & Wesson Holding) and three lobbying resolutions (Lorillard, SLM, and Valero Energy) have been backed by a majority of votes cast "for" and "against."

[6] See the 2014 CPA-Zicklin Index at http://www.politicalaccountability.net/index.php?ht=a/GetDocumentAction/i/8642.

[7] According to the CCP report, over one-third of the companies ranked in the highest quarter of the CPA-Zicklin Index in 2012 and 2013 received shareholder proposals in the subsequent year, compared to less than one quarter of the companies ranked in the bottom quarter. See http://www.campaignfreedom.org/2014/09/23/another-round-of-hijinks-cpa-set-to-release-2014-index/.

[8] This year, investors affiliated with the Harvard Law School Shareholder Rights Project reported 24 successful engagements with S&P 500 and Fortune 500 firms to declassify their boards. CalSTRS announced a 92% success rate in advancing majority voting through dialogues with 93 Russell 2000 companies.

[9] See http://www.ceres.org/investor-network/resolutions/shareholder-resolutions.

bowed out of ALEC in recent months, some defections were unrelated to disputes over government action on climate change.[10] Google's high-profile departure, however, is fueling pressure on eBay and other Silicon Valley firms to follow suit. Walden plans to ramp up the campaign in 2015 with up to 50 shareholder resolutions dealing with lobbying activities and ALEC membership. Union pension plans can also be expected to target ALEC members with lobbying proposals in protest over the organization's stance on right-to-work and minimum wage laws.

Tax Inversions

Public and political outcry continued to mount this summer over corporate inversions, whereby a U.S. company cuts its federal taxes by moving to a lower tax jurisdiction, typically through a cross-border acquisition. With Congress deadlocked on the issue, the Treasury Department recently proposed amendments to five sections of the U.S. tax code to deter transactions that are primarily driven by tax avoidance. These include restricting inverted companies' access to cash held abroad, tightening the post-merger ownership threshold of the U.S. firm's shareholders, and prohibiting spin-versions.[11] Although not addressed in the recent guidance, the Treasury is also considering rules to prohibit earnings stripping, which is used to shift profits to countries with lower tax rates.

The new regulations—which apply to deals closing on or after Sep. 22, 2014—won't halt inversions, but are creating short-term uncertainty for pending transactions. AbbVie and Salix Pharmaceuticals have called off their respective acquisitions of Shire and Cosmos Technologies, while Medtronic has been forced to raise additional financing for its purchase of Covidien as a result of the Treasury Department's ban on hopscotch loans.[12] Mylan also amended the terms of its acquisition of Abbott Laboratories' branded generic business, which is structured as a spin-version, in order to clear the 80%/20% ownership split under the tax rules. Ironically, the deal that sparked the inversion crackdown—Burger King Worldwide's $11.5 billion acquisition of Tim Horton's—is expected to proceed as planned, as are newly announced inversions by Steris and Civeo.

Other inversion transactions are being reworked or abandoned as a result of hostile suitors or populist pressure. Chiquita Brands International shareholders voted down its planned merger with Dublin-based Fyffes, swayed by an unsolicited takeover bid and an eleventh-hour sweetener from Brazilian juice producer Cutrale Group and investment firm Safra Group. Auxilium Pharmaceuticals' inversion acquisition of Canada's QLT was similarly challenged—and ultimately scuttled—by a buyout offer from Endo International, which itself inverted to Ireland earlier this year when it acquired Paladin Labs. In August, Walgreen also backed off redomiciling overseas in its purchase of Alliance Boots following consumer backlash and legislation introduced by Congressional Democrats that would restrict federal contracts for businesses that invert. Walgreen relies on government-funded Medicare and Medicaid reimbursement programs for a significant portion of its revenues. Although a setback for Jana Partners, which had pressed for an inversion, the hedge fund got another concession—two seats on Walgreen's board.

Separately, U.S. companies domiciled in Switzerland have been exiting in recent months as a result of the Minder Initiative, which was approved by Swiss voters last year. The sweeping reforms will mandate a binding say-on-pay vote, ban golden parachutes and golden handshakes, and subject directors to potential criminal liability for certain compensation decisions.

[10] Microsoft's decision to drop its membership in ALEC—as well as in eight other non-profits—was purportedly due to budget cuts. Yelp withdrew after ALEC adopted model legislation that the company sought, which would restrict lawsuits against people who post reviews online. Facebook and Yahoo cited disagreements with the organization over "key issues," while Google renounced its involvement with ALEC as a "mistake." In its defense, ALEC stated that climate activists are intentionally mischaracterizing the group's advocacy of free-market policy perspectives with climate change denial.

[11] A spin-version is a partial inversion whereby a U.S. company transfers some of its assets to a newly formed foreign corporation that is then spun off to public shareholders.

[12] Companies using overseas cash to finance inversion mergers can avoid U.S. repatriation taxes by making intercompany hopscotch loans. The new Treasury rules will treat these loans as taxable dividends.

So far this year, Pentair, Weatherford International, and Tyco International have migrated to business-friendly Ireland, while Foster Wheeler is being acquired by U.K.-based AMEC.

Proxy Contests

Activist campaigns seeking strategic changes and board representation set record levels in the first six months of 2014. According to Activist Insight, hedge funds and other insurgents publicly targeted 127 companies and achieved a near 60% success rate—a trend that is picking up momentum in the latter part the year.

Notable is the extent to which shareholder challengers have become emboldened—and successful—in seeking board control.[13] So far in the second half, dissidents have upended entire boards at Darden Restaurants, Cliffs Natural Resources, and ALCO Stores, notwithstanding last-ditch attempts at compromise. Both Darden Restaurants and Cliffs Natural Resources reduced the size of their board slates to leave a minority of open seats available to the dissidents—a tactic that only proved effective at Bob Evans Farms, where Sandell Asset Management captured only four of the eight seats it sought. Still in the pipeline is the Dec. 18 showdown at Allergan where Pershing Square Capital Management hopes to oust nine of the 12 sitting directors to pave the way for a takeover by Valeant Pharmaceuticals International. However, the dissidents may still face some headwinds, including a pending federal suit alleging insider trading violations or a rival buyout offer, with Actavis rumored to be an interested party.

The recent board upheavals will likely chill the kind of intractable resistance to activist challenges seen during Darden Restaurants' nine-month tussle with Starboard Value. Other potentially high-profile contests have been headed off early on. Hertz Global Holdings offered Carl Icahn three board seats within three weeks of his Schedule 13D filing, while Family Dollar Stores—another Icahn target—penned a sale to Dollar Tree, now immersed in a bidding war with Dollar General. Even eBay and Hewlett-Packard have come around to longstanding activist demands to break up their businesses.

Corporate Bylaws

One aftereffect of the Allergan and Darden board contests will be greater investor and proxy advisor scrutiny of corporate bylaws that frustrate shareholders' ability to call special meetings. Allergan's rigorous procedural and informational requirements, in particular—dubbed a "horse choker" by Delaware Chancellor Andre Bouchard—have been a central dispute in the proxy fight. The bylaw provisions were adopted in 2013 in conjunction with a shareholder-approved certificate amendment granting holders of 25% of the shares the right to call special meetings. In its defense of the bylaws, Allergan cited 20 other public companies—including 16 in the Fortune 500—that place similar restrictions on shareholder requests for special meetings.[14]

Other types of board-adopted bylaws have proven to be problematic for the proxy advisors, who will recommend against directors if the measures negatively impact shareholder rights. Last fall, ISS took issuers by surprise when it recommended against the board of Provident Financial Holdings for adopting a director qualification bylaw, which prohibited dissident nominees from receiving compensation from third parties ("golden leashes"). Twenty-eight companies hastily revoked their provisions ahead of their annual meetings or amended them to only require disclosure of third-party payments. ISS also opposed the boards of Biolase and LGL Group for adopting fee-shifting bylaws, which require the losing party in litigation to pay the winner's legal expenses. According to Columbia Law School's John Coffee, some two dozen companies—including Hemispherx Biopharma, which is holding its shareholders' meeting in November—have adopted similar provisions following a Delaware

[13] According to Activist Insight, since 2012 almost one third of contests led by full-time activists were for a majority of board seats. In the past five years, activists have fielded 28 full slates, including 19 in the past two years alone (15 of which were in the U.S.).

[14] See http://www.sec.gov/Archives/edgar/data/850693/000119312514284705/d764704ddefa14a.htm.

Supreme Court ruling in May validating a fee-shifting bylaw at a non-stock company.[15]

In some cases, the proxy advisors' approach towards certain corporate bylaws has been at odds with the views of investors. Glass Lewis has a longstanding policy to oppose the re-election of corporate governance committee members for unilaterally adopting exclusive forum bylaws, which restrict shareholder litigation to a specific jurisdiction. Yet when brought to a shareholder vote, investors have consistently approved forum selection provisions over the objections of Glass Lewis and ISS. Similarly, scaled-down versions of director qualification bylaws, which include a carve-out for third-party fees in connection with board candidacy, have met with ISS disapproval when submitted for shareholder ratification. Investors passed the measure at First Reliance Bancshares and defeated it at Wynn Resorts; other votes are scheduled at Provident Financial Holdings (Nov. 25) and National Fuel Gas (2015).

Based on the results of its recent policy survey, ISS is unlikely to alter its approach on board-adopted charter and bylaw amendments for 2015. According to the survey, 72% of investor respondents believe boards should never unilaterally implement provisions that diminish shareholder rights, while 20% said it would depend on the nature of the provision. The most troublesome measures were those that classify the board or reduce shareholder rights to call special meetings/act by written consent (according to over 90% of investor respondents). Other measures posed varying levels of concern, reflecting divergent views within the investor community: adopting fee-shifting provisions (64% of investor respondents), adopting director qualification provisions (59%), increasing advance notice requirements (50%), and adopting exclusive venue provisions (45%).[16] ISS additionally found that 63% of investor respondents would hold directors accountable for adopting shareholder-unfriendly provisions prior to the company's initial public offering (IPO). This may be a particularly contentious issue for investors where there was less than fulsome disclosure in the pre-IPO documents, as was the case with fee-shifting provisions implemented by Alibaba Group Holding, Smart & Final Stores, and ATD.

ISS's 2015 Policy Revisions

For 2015, ISS is proposing changes to two of its U.S. voting policies: shareholder resolutions calling for an independent chairman and management resolutions on equity plans.[17] Issuers and investors may submit comments on these until Oct. 29, 2014. ISS will finalize its 2015 policy updates on or around Nov. 7, which will be applicable to annual meetings beginning Feb. 1, 2015.

Independent Chairman

Currently, ISS will oppose independent chairman resolutions if the company has a lead independent director with a comprehensive set of duties, strong board and key committee independence, no problematic governance practices, and no sustained financial underperformance (measured by one- and three-year total shareholder returns (TSR) relative to peers). ISS intends to strengthen this policy by taking into account several additional factors:

- The presence of an executive or non-independent chair, who may not serve as an effective counter-balance to the CEO,
- Recent changes to board leadership, such as recombining the chair/CEO roles or switching from an independent to a non-independent chair, and

[15] Biolase's fee-shifting bylaw only pertained to claims against the company by a current or former director, and was adopted in response to litigation initiated by ousted Chair/CEO Federico Pignatelli. Notwithstanding ISS's negative recommendation, the Biolase directors were re-elected with 82% support due to Oracle Partners' 19% stake in the firm. The LGL Group directors received 76%-80% support. The bylaws adopted by LGL Group and Hemispherx Biopharma apply to unsuccessful litigation by shareholders.

[16] The results of ISS's 2015 policy survey can be found at http://www.issgovernance.com/file/publications/ISS2014-2015PolicySurveyResultsReport.pdf.

[17] ISS's draft 2015 policies can be found at http://www.issgovernance.com/file/publications/independent-chair-shareholder-proposals-us.pdf.

- A longer (five-year) timeframe for the TSR performance factor.

The proposed revisions, which were not covered in ISS's policy survey, may have been prompted by some recent board leadership announcements. In early October, Bank of America repealed a five-year-old bylaw provision requiring an independent board chair, and recombined the chairman/CEO roles under Brian Moynihan. Similarly, Walt Disney extended Robert Iger's contract as chair/CEO for two additional years, despite reaching an agreement earlier this year with the proponents of a proxy access proposal to appoint an independent chairman in the future. The positions were separated in 2004—and remained so until 2012—after Disney shareholders lodged a protest vote against the reelection of then Chair/CEO Michael Eisner.

ISS anticipates that these changes will result in its supporting a higher number of independent chairman resolutions. In recent years, ISS has backed a diminishing number of these proposals—less than half in 2014 (48%), compared to 75% in 2012.[18] Average shareholder support for these resolutions has also declined from 34.8% in 2012 to 31.1% in 2014, notwithstanding the high volume of filings.

Equity Plans

In evaluating equity plan proposals, ISS plans to move away from its bright-line tests based on plan cost (shareholder value transfer (SVT)) and problematic plan features to a "balanced scorecard" approach that will take into account a range of positive and negative factors, including:

- Plan cost (SVT)
- Plan features (minimum vesting requirements, discretionary vesting authority, liberal share recycling, and single-trigger change-in-control provisions), and
- Grant practices (three-year burn rate, plan duration, vesting and performance conditions in CEO equity grants, clawback policies, and equity retention requirements).

ISS does not expect the changes to significantly alter the number of plans that would receive a negative recommendation. Under its current policy, ISS has typically recommended against about 30% of equity plans proposed each year.

As issuers prepare for next year's annual meetings, Alliance Advisors will provide updates on ISS's and Glass Lewis's voting policy revisions, along with other developments impacting the 2015 proxy season.

[18] Of the 33 companies where ISS opposed the proposal in 2014, two companies had separate, but non-independent chairs, and five companies had recombined the chair/CEO roles within the past six years in conjunction with the appointment of a new CEO.

Table 1: Second Half 2014 Shareholder Proposals

Governance Proposals

Target Company	Proponent	Meeting Date	Vote*
Declassify Board			
AeroVironment, Inc.	Engaged Capital	17-Oct	70.3%
Airgas, Inc.	Illinois State Board of Investment	5-Aug	71.7%
Majority Voting			
Linear Technology Corp.	Carpenters	5-Nov	
Parker-Hannifin Corp.	Carpenters	22-Oct	54.2%
Proxy Access			
Cisco Systems, Inc.	James McRitchie	20-Nov	
FedEx Corp.	Myra K. Young	29-Sep	3.2%
Microsoft Corp.	Myra K. Young	3-Dec	
Oracle Corp.	Nathan Cummings Foundation	5-Nov	
Poison Pill			
Lakes Entertainment, Inc.	Eric Thompson	9-Sep	36.6%
Wausau Paper Corp.	GAMCO Investors, Inc.	21-Aug	86.8%
Voting Requirements			
ConAgra Foods, Inc.	Investor Voice	19-Sep	12.6%
FedEx Corp.	Investor Voice	29-Sep	8.1%
Oracle Corp.	Investor Voice	5-Nov	
Written Consent			
McKesson Corp.	John Chevedden	30-Jul	37.0%
Dual-Class Stock			
News Corp.	Nathan Cummings Foundation	13-Nov	
Maximize Value			
Allergan, Inc.	Pershing Square Capital Management	18-Dec	
JA Energy, Inc.	Mark DeStafano	30-Sep	100.0%
Ratify Board Actions			
AMERCO	N/A	28-Aug	80.7%

Compensation Proposals

Target Company	Proponent	Meeting Date	Vote*
Performance-Based Awards			
Oracle Corp.	New York City pension funds	5-Nov	
Accelerated Vesting of Equity Awards			
McKesson Corp.	Teamsters	30-Jul	44.3%
United Natural Foods, Inc.	Teamsters	17-Dec	
Tax Gross-Ups			
FedEx Corp.	Teamsters	29-Sep	34.7%
Hedging/Pledging Policy			
FedEx Corp.	Amalgamated Bank	29-Sep	25.7%
Stock Retention			
Sprint Corp.	Kenneth Steiner	6-Aug	1.9%
Performance Metrics			
Oracle Corp.	AFL-CIO	5-Nov	
Pay Disparity			
United Natural Foods, Inc.	Paul J. Wilcox	17-Dec	

Environmental & Social Proposals

Target Company	Proponent	Meeting Date	Vote*
GHG Emissions Reduction			
DISH Network Corp.	Calvert Social Index Fund	30-Oct	
GMOs			
General Mills, Inc.	Harriett Crosby	23-Sep	2.2%
Safeway Inc.	Green Century Equity Fund	25-Jul	10.3%
Recycling			
General Mills Inc.	Gun Denhart Living Trust	23-Sep	6.5%
Procter & Gamble Co.	As You Sow	14-Oct	24.9%
Safeway Inc.	As You Sow	25-Jul	12.5%
Miscellaneous Discrimination			
FedEx Corp.	Oneida Tribe of Indians of Wisconsin	29-Sep	0.1%
Human Rights Risk Assessment			
Ralph Lauren Corp.	AFL-CIO	7-Aug	1.3%
Board Committee on Human Rights			
Cisco Systems, Inc.	Jing Zhao	20-Nov	
NetApp Inc.	Jing Zhao	5-Sep	4.9%
Grassroots Lobbying			
Darden Restaurants, Inc.	AFL-CIO	10-Oct	41.1%
Political Contributions			
AutoZone, Inc.	New York City pension funds	18-Dec	
Cardinal Health Inc.	Teamsters	5-Nov	
Cisco Systems, Inc.	Investor Voice for Burke Stansbury	20-Nov	
Darden Restaurants, Inc.	Unitarian Universalists	10-Oct	35.1%
FedEx Corp.	New York City pension funds	29-Sep	27.8%
H&R Block, Inc.	NYSCRF	11-Sep	50.6%
McKesson Corp.	Miami Firefighters	30-Jul	37.6%
Smith & Wesson Holding Corp.	Amalgamated Bank	22-Sep	55.8%
Sprint Corp.	New York City pension funds	6-Aug	1.5%

Target Company	Proponent	Meeting Date	Vote*
Incorporate Values into Lobbying & Political Spending			
Procter & Gamble Co.	NorthStar Asset Management	14-Oct	6.5%
Firearms (Sandy Hook Principles)			
Alliant Techsystems Inc.	Connecticut State Treasurer	30-Jul	7.8%

Source: SEC filings.
**Based on "for" votes as a percentage of "for" and "against" votes.*

For further information or questions, please contact:
973-873-7700
AllianceAdvisorsLLC.com