

January 27, 2010

Dear Mr. Weitz:

As members of the Carleton Responsible Investing Committee (CRIC) we are pleased to inform you that we have completed our review of 2010 shareholder resolutions. We request that the Board of Trustees authorize the Carleton Fund Managers to vote in favor of the following 4 resolutions affecting 15 companies at the upcoming annual meetings:

1. Hydraulic Fracturing (Toxic Chemicals)
  - a. El Paso Corporation
  - b. EnCana Corporation
  - c. EOG Resources, Inc.
  - d. Williams Companies
2. Remediate the Midlands
  - a. Dow Chemical Company
3. Executive Compensation - Say on Pay
  - a. American Express Company
  - b. Coca-Cola Company
  - c. CVS Caremark Corporation
  - d. EnCana Corporation
  - e. Goldman Sachs Group Inc.
  - f. IBM Corporation
  - g. Johnson & Johnson
  - h. PepsiCo, Inc.
  - i. Raytheon Company
  - j. Wal-Mart Stores, Inc.
4. Sexual Orientation Non Discrimination
  - a. Home Depot, Inc.

Pursuant to our mandate, we present these resolutions having conducted independent research and following the values of the Carleton community to the best of our ability. To do so we based our recommendations on the responses of the survey done in the past and through our various contacts with our constituent groups.

Please find attached, summaries of the resolutions, the committee's arguments for supporting them as well as the full texts of the resolutions and other supplemental material.

We hope that the board accepts our recommendations in the near future and instructs the Fund Managers to vote for these proxy ballots. Please let us know if you require any additional information. Thank you for your time and your consideration.

Committee Members:

Chuck Anderson-Weir (Student '10)  
Joe Concannon (Student '13)  
Pavel Kapinos (Faculty)  
David Schlosser (Staff)  
Shannon Schulz (Staff)

Amanda Savitt (Student '11)  
David Tompkins (Faculty Co-Chair)  
Nathaniel Rosenblum (Student '10)  
Kristen Vellinger (Student Co-Chair '12)

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## Summary of Resolutions

### **1. Hydraulic Fracturing (Toxic Chemicals)**

#### a. El Paso Corporation

THEREFORE, BE IT RESOLVED: Shareholders request that the Board of Directors prepare a report by September 1, 2010, at reasonable cost and omitting proprietary information, summarizing (1) the environmental impact of fracturing operations of El Paso Corporation; (2) potential policies for the company to adopt, above and beyond regulatory requirements, to reduce or eliminate hazards to air, water, and soil quality from fracturing.

#### b. EnCana Corporation

BE IT RESOLVED THAT: Shareholders request that the Board prepare a report, at reasonable cost and omitting proprietary information, detailing the legal, regulatory, and license to operate risks associated with unconventional gas exploration, and plans to mitigate these risks.

#### c. EOG Resources, Inc.

THEREFORE, BE IT RESOLVED: Shareholders request that the Board of Directors prepare a report, within six months of the 2010 annual meeting at reasonable cost and omitting proprietary information, on the environmental impact of EOG Resources' fracturing operations and potential policies for the company to adopt, above and beyond regulatory requirements, to reduce or eliminate hazards to air, water, and soil quality from fracturing.

#### d. Williams Companies

THEREFORE, BE IT RESOLVED: Shareholders request that the Board of Directors prepare a report by October 1, 2010, at reasonable cost and omitting proprietary information, summarizing 1.the environmental impact of fracturing operations of Williams Companies, Inc.; 2. potential policies for the company to adopt, above and beyond regulatory requirements, to reduce or eliminate hazards to air, water, and soil quality from fracturing.

### **2. Remediate the Midlands**

#### a. Dow Chemical Company

RESOLVED: Shareholders request that the Board of Directors issue a report to shareholders by April 2011, at reasonable cost and excluding confidential information, summarizing the pace and effectiveness of the environmental remediation process being undertaken by Dow near its Midland headquarters.

### **3. Executive Compensation / Say on Pay**

#### a. American Express Company

RESOLVED - the shareholders of American Express recommend that the board of directors adopt a policy requiring that the proxy statement for each annual meeting contain a proposal, submitted by and supported by Company Management, seeking an advisory vote of shareholders to ratify and approve the Compensation Committee's Report and the executive compensation policies and practices set forth in the Company's Compensation Discussion and Analysis.

#### b. Coca-Cola Company

RESOLVED - shareholders of Coca Cola recommend that the board of directors adopt a policy requiring that the proxy statement for each annual meeting contain a proposal, submitted by and supported by Company Management, seeking an advisory vote of shareholders to ratify and approve the board Compensation's Committee Report and the executive compensation policies and practices set forth in the Company's Compensation Discussion/Analysis.

c. CVS Caremark Corporation

RESOLVED, that shareholders of CVS Caremark Corporation (“CVS Caremark”) request the board of directors to adopt a policy that provides shareholders the opportunity at each annual shareholder meeting to vote on an advisory resolution, proposed by management, to ratify the compensation of the named executive officers (“NEOs”) set forth in the proxy statement’s Summary Compensation Table (the “SCT”) and the accompanying narrative disclosure of material factors provided to understand the SCT (but not the Compensation Discussion and Analysis). The proposal submitted to shareholders should make clear that the vote is non-binding and would not affect any compensation paid or awarded to any NEO.

d. EnCana Corporation

IT IS PROPOSED THAT: shareholders of EnCana Corporation (EnCana) urge the board of directors to adopt a policy that EnCana’s shareholders be given the opportunity at each annual meeting of shareholders to vote on an advisory resolution, to be proposed by EnCana’s management, to ratify the compensation of the Named Executive Officers set forth in the proxy statement. The proposal submitted to shareholders should state clearly that the vote is non-binding and would not affect any compensation paid or awarded to any Named Executive Officer.

e. Goldman Sachs Group Inc.

RESOLVED, that shareholders of Goldman Sachs Group Inc. request the board of directors to adopt a policy that provides shareholders the opportunity at each annual shareholder meeting to vote on an advisory resolution, proposed by management, to ratify the compensation of the named executive officers (“NEOs”) set forth in the proxy statement’s Summary Compensation Table (the “SCT”) and the accompanying narrative disclosure of material factors provided to understand the SCT (but not the Compensation Discussion and Analysis). The proposal submitted to shareholders should make clear that the vote is non-binding and would not affect any compensation paid or awarded to any NEO.

f. IBM Corporation

RESOLVED - the shareholders of International Business Machines (IBM) recommend that the board of directors adopt a policy requiring that the proxy statement for each annual meeting contain a proposal, submitted by and supported by Company Management, seeking an advisory vote of shareholders to ratify and approve the board Compensation’s Committee Report and the executive compensation policies and practices set forth in the Company’s Compensation Discussion and Analysis.

g. Johnson & Johnson

RESOLVED - the shareholders of Johnson & Johnson recommend that the board of directors adopt a policy requiring that the proxy statement for each annual meeting contain a proposal, submitted by and supported by Company Management, seeking an advisory vote of shareholders to ratify and approve the board Compensation’s Committee Report and the executive compensation policies and practices set forth in the Company’s Compensation Discussion and Analysis.

h. PepsiCo, Inc.

RESOLVED - the shareholders of PepsiCo recommend that the board of directors adopt a policy requiring that the proxy statement for each annual meeting contain a proposal, submitted by and supported by Company Management, seeking an advisory vote of shareholders to ratify and approve the board Compensation’s Committee Report and the executive compensation policies and practices set forth in the Company’s Compensation Discussion and Analysis.

i. Raytheon Company

RESOLVED, that stockholders of Raytheon Company (“Raytheon”) request the board of directors to adopt a policy that provides stockholders the opportunity at each annual stockholder meeting to vote on an advisory resolution, proposed by management, to ratify the compensation of the named executive officers (“NEOs”) set forth in the proxy statement’s Summary Compensation Table (the “SCT”) and the accompanying narrative disclosure of material factors provided to understand the SCT (but not the Compensation Discussion and Analysis). The proposal submitted to stockholders should make clear that the vote is non-binding and would not affect any compensation paid or awarded to any NEO.

j. Wal-Mart Stores, Inc.

RESOLVED, that the shareholders of Wal-Mart Stores, Inc. (“Wal-Mart” or the “Company”) urge the board of directors to adopt a policy under which shareholders could vote at each annual meeting on an advisory resolution, to be proposed by Wal-Mart’s management, to ratify the compensation of the named executive officers (“NEOs”) set forth in the proxy statement’s Summary Compensation Table (the “SCT”) and the accompanying narrative disclosure of material factors provided to understand the SCT (but not the Compensation Discussion and Analysis). The proposal submitted to shareholders should make clear that the vote is non-binding and would not affect any compensation paid or awarded to any NEO.

**4. Sexual Orientation and Gender Discrimination**

a. Home Depot, Inc.

RESOLVED: The Shareholders request that The Home Depot, Inc., amend its written equal employment opportunity policy to explicitly prohibit discrimination based on sexual orientation and gender identity or expression and to substantially implement the policy.

## Hydraulic Fracturing

As of December 31, 2009, the value of our position in:

El Paso Corporation	36,100 shares, \$374,000;
EnCana Corporation	8,876 shares, \$306,000;
EOG Resources, Inc.	3,472 shares, \$340,000;
Williams Companies	20,000 shares, \$427,000

### Proposal Summary

Assumption:

- Corporations have a responsibility to employ practices which do not adversely affect the environment or the community in which they operate
- Shareholders have a right to corporate transparency, especially where it concerns information related to human health

Issue:

- El Paso Corporation, EnCana Corporation, EOG Resources and Williams Companies use hydraulic fracturing.
- It has been shown that chemicals linked to hydraulic fracturing have been found in ground water and public water supplies in surrounding areas
- Chemicals used in hydraulic fracturing represent a potential danger to residents in surrounding areas, including effects to sensory organs, the gastrointestinal system, and the liver. One chemical that may be used in the process, benzene, is a known carcinogen (see Appendix E1).
- Hydraulic fracturing may lead to environmental contamination of the communities in which it is conducted, including toxic spills, water quality degradation and air pollution.
- The 2005 Energy Policy Act stripped the EPA of its ability to regulate hydraulic fracturing.

Shareholder Requests:

- Report assessing:
  - The environmental impacts of their fracturing operations
  - Potential policies addressing potential environmental hazards

### Company Response

Because no resolutions of this nature have been filed before, no company response is currently available, however likely responses are:

- Companies are already complying with environmental regulations
- State policies offer sufficient regulation.
- Chemicals used in hydraulic fracturing are trade secrets, and must therefore not be disclosed.
- Each company has a good environmental record and a history of mitigation of environmental issues.
- A 2004 EPA report contested the dangers of hydraulic fracturing with respect to safe drinking water (see Appendix E2).
- Negotiation with shareholders has occurred in the past and may be possible.

### CRIC's Position:

When companies have failed to establish good environmental standards it has resulted in litigation and bad publicity. This theme is prevalent in the history of the industry. A lawsuit in Alabama in 1994 resulted in the regulation and virtual shutdown of a coal bed methane operation (see Appendix E3). Another lawsuit was filed in November, 2009 against a comparable company in Pennsylvania related to hydraulic fracturing (see Appendix E4). A class action lawsuit by the firm Weitz and Luxenberg is

pending (see Appendix E5). These lawsuits are an unnecessary threat to both the companies and their investors that could be avoided were the companies to review the environmental impacts of their operations.

Future political action may bring about even greater costs if the companies continue to operate as they are doing. Legislation being considered in the US House and Senate, and the New York State legislature would improve hydraulic fracturing regulation (see Appendix E6). The Obama Administration is widening the EPA's mandate, allowing the EPA broader powers of regulation. EnCana was fined \$371,200 after benzene leaked into groundwater in Colorado from an incorrectly cemented well (see Appendix E7). Furthermore, after the 2004 EPA study, which found no major problems with hydraulic fracturing, new findings have found chemicals attributable to hydraulic fracturing, and a new study is being conducted (see Appendix E8). Other companies are planning to release the chemicals used in hydraulic fracturing (see Appendix E9). We believe that creating a report would give our companies a proverbial "leg up" and allow them to stay competitive by providing an opportunity for them to develop and potentially implement cost-saving policies.

Lastly, this issue is of great importance to the Carleton community. In a 2009 survey, 95.6% of Carleton students, faculty, and staff said they would support a resolution that encourages a company to enact policies that create greater transparency and full disclosure of their activities which may affect the environment.

***For the aforementioned reasons, CRIC recommends that we vote in favor of El Paso Corporation, EnCana Corporation, EOG Resources, Inc. and Williams Companies' "Hydraulic Fracturing (Toxic Chemicals)" proposals.***

## Remediate the Midlands

As of December 31, 2009, the value of our position in:

Dow Chemical Company            9,600 shares, \$265,248.00

### Proposal Summary

#### Assumption:

- Contamination from Dow Chemical's global headquarters empties into the Saginaw Bay, and then into Lake Huron, making it one of the largest contamination sites in the country
- The contamination poses a significant public health risk and has already had adverse effects on the health on residents and wildlife.

#### Issue:

- Dioxin levels are over 170,000 times the residential clean-up standard. Dioxins are known human carcinogens and can cause developmental and immunological problems in children, reproductive problems in adults, and diabetes.
- The EPA has charged Dow with delaying cleanup in 2005, 2006, and 2007, and ordered immediate action in 2007 and 2008. Reports show a 25-year history of inaction on the clean-up site.
- There is currently a class-action lawsuit filed against Dow alleging that the contamination lowers property values. The plaintiffs are seeking \$100 million in damages.

#### Shareholder Requests:

- That a report be issued by the Board of Directors summarizing the pace and effectiveness of the environmental remediation process occurring near the Midland headquarters.
  - To be completed by 2011, at reasonable cost.
  - Report should include goals to reduce human and wildlife exposure, estimates of the volume of contamination, a process of removal, methods of remediation, and an evaluation of the effectiveness of those methods.

### Company Response

- To issue a new report would be duplicative of the regulatory process and existing communications. This would divert company resources with little benefit.
- It is too early to provide the requested report, as the necessary information will not be available.
- Several conclusions regarding the negative health effects of chemical waste on nearby residents are ill-informed and/or "entirely inaccurate."

### CRIC's Position:

Dow has consistently refused to take action as required, despite overwhelming evidence from credible sources such as the EPA, Michigan Department of Environmental Quality (MDEQ), National Academy of Sciences (NAS), and University of Michigan researchers that the levels of contamination pose a threat to public health and wildlife. If, as Dow argues, creating this report is "duplicative" of the current regulatory process, then creating an almost identical report for shareholders should hardly incur a significant cost. However, while Dow argues that the report would be "duplicative," or "premature," they have a history of failing to comply with the EPA. Similar "Remediate the Midlands" proposals have been submitted in 2007, 2008, and 2009, garnering shareholder support of 22.3%, 22.82%, and 28.68%, respectively. This resolution thus serves as an indication that remediation continues to be a key issue to shareholders, and further encourages Dow to act on EPA demands.

As it stands, Dow's contamination of the Midlands has only served to damage the company's public image and bring about unnecessary lawsuits. The financial costs associated with the constant legal ongoings and remediation processes, as well as the consequences of negative press are the true diversion of the company's resources.



This report asks that Dow be held accountable for cleaning up the current contamination, but also pressures the company to change its operating methods for the future, as it indicates that shareholders are concerned with the financial and social costs incurred by the current contaminating methods. The report also serves as an effort towards encouraging further company transparency and accountability to shareholders.

This issue is of significant relevance to the Carleton community, as indicated by a 2009 survey in which 88.7% of Carleton students, faculty, and staff said they would support a resolution which “encourages a company to enact policies that require a full disclosure of their activities which may affect the environment.”

***For the aforementioned reasons, CRIC recommends that we vote in favor of Dow Chemical Company’s “Remediate the Midlands” proposal.***

## Executive Compensation / Say on Pay

As of December 31, 2009, the value of our position in:

American Express Company	26,178 shares, \$1,060,732.56;
Coca-Cola Company	25,485 shares, \$1,452,645.00;
CVS Caremark Corporation	11,417 shares, \$367,741.57;
EnCana Corporation	8,876 shares, \$287,493.64;
Goldman Sachs Group Inc.	1,649 shares, \$278,417.16;
IBM Corporation	3,069 shares, \$401,732.10;
Johnson & Johnson	5,631 shares, \$362,692.71;
PepsiCo, Inc.	5,968 shares, \$362,854.40;
Raytheon Company	8,100 shares, \$417,312.00;
Wal-Mart Stores, Inc.	25,192 shares, \$1,346,512.40

The shareholder resolutions and available company responses are nearly identical, and we have therefore prepared a blanket recommendation for the companies listed above. Please see the appendices for the individual resolutions.

### Proposal Summary

#### Assumption

- Executive pay is mushrooming unacceptably and is insufficiently linked to performance. As of 2005, the average CEO pay was 369 times that of the average worker.
- An advisory vote of this kind would provide the board with helpful information on shareholder views.

#### Issue

- The concept of giving shareholders “say on pay” has been gaining momentum among investors and lawmakers over the past year.
- Already, 30 major companies including Apple, Ingersoll Rand, Microsoft, Occidental Petroleum, Pfizer, Prudential, Hewlett-Packard, Intel, Verizon, MBIA and PG&E have agreed to such an advisory vote, in addition to 300 TARP participants who implemented it in 2009. In the UK, this procedure has been in place for all companies since 2003.
- A bill mandating annual advisory votes is under consideration by Congress, but we would like these companies to demonstrate leadership on this issue before the law mandates it.
- In 2009, investors filed nearly 100 “Say on Pay” resolutions, which averaged more than 46% in favor.

#### Shareholder Requests

- That the board of directors adopt a policy that, at each annual meeting, provides stockholders an advisory vote to ratify and approved the board’s compensation report and executive compensation policies.

### Company Response

- Shareholders already have sufficient avenues to express their views, including resolutions, letters to individual Directors or the entire board, the opportunity to voice opinions at the Annual Meeting, and voting for or against individual board members.
- The development of effective executive compensation policies and practices is difficult and complex and should best be left to those who fully understand it.

### CRIC’s Position

Executive pay that rewards short-term gains rather than longer-term stability is arguably one of the factors in the recent economic downturn, which has negatively affected the Carleton endowment and

thus the operation of our institution on nearly every level. In our most recent campus survey nearly three-quarters of the Carleton community strongly supported a resolution that encourages companies to create increased accountability on the issue of executive compensation. More generally, CRIC believes that shareholders should be entitled to vote on any issue that affects shareholder returns and CEO compensation is certainly one of those issues. Thus, CRIC agrees with the resolution that existing means are too weak, and that an advisory voice can indeed be useful.

*For the aforementioned reasons, CRIC recommends that we vote in favor of the above ten companies' "Executive Compensation-Say on Pay" proposals.*

## Sexual Orientation Non Discrimination

As of December, 31, 2009, the value of our position in:

Home Depot, Inc. 12,600 shares, \$364,518

### Proposal Summary

#### Assumptions

- Following the pressure from advocacy groups and changes in state laws, many corporate policies have recently been rewritten to explicitly prohibit discrimination on the basis of sexual orientation.

#### Issue

- The Home Depot, Inc. does not explicitly prohibit discrimination based on sexual orientation, gender identity or expression in its written employment policy.

#### Shareholder Requests

- The Shareholders request that The Home Depot, Inc. amend its written equal employment opportunity policy to explicitly prohibit discrimination based on sexual orientation and gender identity or expression and to substantially implement the policy.

### Company Response

The company has not responded to this resolution as of January 27, 2010. However, based on our research we can anticipate that the company will respond along these lines:

- The company is entitled to hiring and workplace policies that do not conflict with the federal and state laws.
- Wal-Mart, in an identical shareholder request from 2009, spoke in opposition to the proposal, stating: "In view of the wide reach of [our] policy, we do not believe a change to our Equality of Opportunity Policy is needed to ensure that our Associates at all levels are treated fairly and with respect." 13% of shareholders voted in favor with the rejected proposal.

### CRIC's Position:

Home Depot stands to gain more from being a leader in advancing non-discrimination practices than it may from protecting the existing workplace environment. Falling behind on this front may negatively affect the company's public image. In the past, Home Depot has paid millions of dollars in settlements for discrimination lawsuits. Incorporating sexual orientation and gender identity into their anti-discrimination policy could only be beneficial in that it would ideally prevent lawsuits, and therefore unnecessary legal costs, and ensure a strong, positive public image. Furthermore, we believe that corporations prohibiting discrimination both on the basis of sexual orientation and gender identity have a competitive advantage in recruiting and retaining employees from the widest talent pool.

Equal Employment Opportunity (EEO) proposals have been submitted almost annually beginning in 2001. Most recently, in 2009, EEO received a favorable vote of 22.29%. From this we can presume that shareholders will be similarly supportive of another anti-discrimination proposal.

Although the 2009 CRIC survey does not contain questions on sexual non-discrimination, Carleton does prohibit discrimination based on sexual orientation and has a support network for community members of non-heterosexual orientation. In Carleton's 2007 Statement on Diversity, the policy of recognizing equality between "race and ethnicity, culture, political and social worldviews, religious and spiritual understandings, language and geographic characteristics, gender, gender identities and sexual orientations, learning and physical abilities, age, and social and economic classes" clearly lays out the college's ethical grounding, which includes issues of gender-identity. The Home Depot resolution, therefore, should be a good fit with Carleton values.

***For the aforementioned reasons, CRIC recommends that we vote in favor of Home Depot's Sexual Orientation Non Discrimination proposal.***

## Appendix A

### Hydraulic Fracturing (Toxic Chemicals) 2010

#### 1. El Paso Corporation

WHEREAS, Onshore “unconventional” natural gas production requiring hydraulic fracturing, which injects a mix of water, chemicals, and particles underground to create fractures through which gas can flow for collection, is estimated to increase by 45% between 2007 and 2030. An estimated 60-80% of natural gas wells drilled in the next decade will require hydraulic fracturing.

Fracturing operations can have significant impacts on surrounding communities including the potential for increased incidents of toxic spills, impacts to local water quantity and quality, and degradation of air quality. Government officials in Ohio, Pennsylvania and Colorado have documented methane gas linked to fracturing operations in drinking water. In Wyoming, the US Environmental Protection Agency (EPA) recently found a chemical known to be used in fracturing in at least three wells adjacent to drilling operations.

There is virtually no public disclosure of chemicals used at fracturing locations. The Energy Policy Act of 2005 stripped EPA of its authority to regulate fracturing under the Safe Drinking Water Act and state regulation is uneven and limited. But recently, some new federal and state regulations have been proposed. In June 2009, federal legislation to reinstate EPA authority to regulate fracturing was introduced. In September 2009, the New York State Department of Environmental Conservation released draft permit conditions that would require disclosure of chemicals used, specific well construction protocols, and baseline pre-testing of surrounding drinking water wells. New York sits above part of the Marcellus Shale, which some believe to be the largest onshore natural gas reserve.

Media attention has increased exponentially. A search of the Nexis Mega-News library on November 11, 2009 found 1807 articles mentioning "hydraulic fracturing" and environment in the last two years, a 265 percent increase over the prior three years.

Because of public concern, in September 2009, some natural gas operators and drillers began advocating greater disclosure of the chemical constituents used in fracturing.

In the proponents’ opinion, emerging technologies to track “chemical signatures” from drilling activities increase the potential for reputational damage and vulnerability to litigation. Furthermore, we believe uneven regulatory controls and reported contamination incidents compel companies to protect their long-term financial interests by taking measures beyond regulatory requirements to reduce environmental hazards.

THEREFORE, BE IT RESOLVED: Shareholders request that the Board of Directors prepare a report by September 1, 2010, at reasonable cost and omitting proprietary information, summarizing (1) the environmental impact of fracturing operations of El Paso Corporation; (2) potential policies for the company to adopt, above and beyond regulatory requirements, to reduce or eliminate hazards to air, water, and soil quality from fracturing.

Supporting Statement: Proponents believe the policies explored by the report should include, among other things, use of less toxic fracturing fluids, recycling or reuse of waste fluids, and other structural or procedural strategies to reduce fracturing hazards.

#### 2. EnCana Corporation

WHEREAS: EnCana is strategically focused on the development of natural gas resource plays. Specifically, the company is relying on significant growth from unconventional gas plays.

EnCana has estimated that by 2011, 50 to 60% of its new reserves growth will come from unconventional shale gas reservoirs. The rapid rise of unconventional gas production is a result of technological advances in directional drilling and hydraulic fracturing. Hydraulic fracturing can use between 1.2 and 3.5 million gallons of water for each fracturing well (See <http://geology.com/research/super-sized-thirst.shtml>). Some common additives used in the fracturing fluid are benzene, ethylene glycol, naphthalene, and diesel, but companies are reluctant to disclose the chemicals used in this process.

Concerns over the quantity of water used, and the potential impacts on the quality of water, have resulted in litigation, regulatory, and social license to operate risks in both Canada and the United States.

In 2004, EnCana faced the highest fine ever levied on an oil and gas company in Colorado due to seepage from a gas well into local water sources. A recent study where the fine occurred, found that the amount of methane and chloride present in drinking water wells increased with an increase in the number of nearby hydraulic fracturing wells. In Wyoming, the US Environmental Protection Agency (EPA) recently found one of the chemicals known to be used in fracturing in at least three wells adjacent to drilling operations.

In September 2009, the New York State Department of Environmental Conservation released draft permit conditions that would require disclosure of chemicals used, specific well construction protocols, and baseline pre-testing of surrounding drinking water wells. Regulation of the unconventional gas industry is in its infancy, and the potential exists for new regulations to negatively impact EnCana's operations.

In the U.S., the Fracturing Responsibility and Awareness of Chemicals (FRAC) Act was introduced in June 2009 to repeal an exemption for hydraulic fracturing found in the Safe Drinking Water Act. This pending legislation is one indication of future regulatory risk for EnCana.

Risks to social license are illustrated by Shell, as the company was forced to halt their Klappan coalbed methane project in British Columbia over concerns about impacts on local water sources.

There are many mitigation measures the industry can and has taken, but these have not been uniformly adopted across the industry, or across EnCana's operations. These measures include the disclosure of fracturing fluid makeup, the use of less toxic fracturing fluids, and the recycling or reuse of fracturing fluids.

EnCana is a leader in hydraulic fracturing and aspires to be a leader in the development of unconventional gas - economically, environmentally, and socially. A proactive plan to mitigate the potential environmental impacts of exploiting this resource would provide needed assurance to long term investors.

BE IT RESOLVED THAT: Shareholders request that the Board prepare a report, at reasonable cost and omitting proprietary information, detailing the legal, regulatory, and license to operate risks associated with unconventional gas exploration, and plans to mitigate these risks.

### 3. EOG Resources, Inc.

WHEREAS, The U.S. Energy Information Administration estimates the United States had 238 trillion cubic feet of natural gas reserves in 2007. Onshore "unconventional production" is estimated to increase by 45% between 2007 and 2030. "Unconventional production" requires hydraulic fracturing, which injects a mix of water, chemicals and particles underground to create fractures through which gas can flow for collection. A government-industry study estimates that 60-80% of natural gas wells drilled in the next decade will require hydraulic fracturing.

The Energy Policy Act of 2005 stripped EPA of authority to regulate fracturing under the Safe Drinking Water Act. State regulation is uneven and limited; as of May 2009, 21 of 31 states surveyed where

drilling occurs did not have specific regulations addressing fracturing and 17 did not require companies to list fracturing chemicals they use.

There is virtually no public disclosure of chemicals used at fracturing locations. One independent analysis of fluids used in Colorado identified 174 chemicals of which over 70% are associated with skin, eye or sensory organ effects, respiratory effects and gastrointestinal or liver effects. Because of public concern, in September 2009, some natural gas operators and drillers began advocating greater disclosure.

Fracturing operations can have significant impacts on surrounding communities including the potential for increased incidents of toxic spills from waste water ponds, impacts to local water quantity and quality, and degradation of air quality. Government officials in Ohio, Pennsylvania and Colorado have documented methane gas in drinking water, linked to fracturing operations. Methane gas in household drinking water supplies has caused explosions. In Wyoming, the U.S. Environmental Protection Agency recently found chemicals that are known to be used in fracturing in at least three wells adjacent to drilling operations.

Media attention has increased exponentially. A search of the Nexis Mega-News library on November 11, 2009 found 1807 articles mentioning “hydraulic fracturing” and environment in the last two years, a 265 percent increase over the prior three years.

In the proponents’ opinion, emerging technologies for tracking “chemical signatures” from drilling activities increase the potential for reputational damage and vulnerability to litigation, and weak and uneven regulatory controls and reported contamination incidents necessitate that, to protect their own long-term financial interests, companies must take measures above and beyond regulatory requirements to reduce environmental hazards.

THEREFORE, BE IT RESOLVED: Shareholders request that the Board of Directors prepare a report, within six months of the 2010 annual meeting at reasonable cost and omitting proprietary information, on the environmental impact of EOG Resources’ fracturing operations and potential policies for the company to adopt, above and beyond regulatory requirements, to reduce or eliminate hazards to air, water, and soil quality from fracturing.

Supporting Statement: Proponents believe the policies explored by the report should include, among other things, the use of less toxic fracturing fluids, recycling or reuse of waste fluids and other structural or procedural strategies to reduce fracturing hazards.

#### 4. Williams Companies

WHEREAS, Onshore “unconventional” natural gas production requiring hydraulic fracturing, which injects a mix of water, chemicals, and particles underground to create fractures through which gas can flow for collection, is estimated to increase by 45% between 2007 and 2030. An estimated 60-80% of natural gas wells drilled in the next decade will require hydraulic fracturing.

Fracturing operations can have significant impacts on surrounding communities including the potential for increased incidents of toxic spills, impacts to local water quantity and quality, and degradation of air quality. Government officials in Ohio, Pennsylvania and Colorado have documented methane gas linked to fracturing operations in drinking water. In Wyoming, the US Environmental Protection Agency (EPA) recently found a chemical known to be used in fracturing in at least three wells adjacent to drilling operations.

There is virtually no public disclosure of chemicals used at fracturing locations. The Energy Policy Act of 2005 stripped EPA of its authority to regulate fracturing under the Safe Drinking Water Act and state regulation is uneven and limited. But recently, some new federal and state regulations have been proposed. In June 2009, federal legislation to reinstate EPA authority to regulate fracturing was

introduced. In September 2009, the New York State Department of Environmental Conservation released draft permit conditions that would require disclosure of chemicals used, specific well construction protocols, and baseline pre-testing of surrounding drinking water wells. New York sits above part of the Marcellus Shale, which some believe to be the largest onshore natural gas reserve.

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Because of public concern, in September 2009, some natural gas operators and drillers began advocating greater disclosure of the chemical constituents used in fracturing.

In the proponents' opinion, emerging technologies to track "chemical signatures" from drilling activities increase the potential for reputational damage and vulnerability to litigation. Furthermore, we believe uneven regulatory controls and reported contamination incidents compel companies to protect their long-term financial interests by taking measures beyond regulatory requirements to reduce environmental hazards.

**THEREFORE, BE IT RESOLVED:** Shareholders request that the Board of Directors prepare a report by October 1, 2010, at reasonable cost and omitting proprietary information, summarizing 1.the environmental impact of fracturing operations of Williams Companies, Inc.; 2. potential policies for the company to adopt, above and beyond regulatory requirements, to reduce or eliminate hazards to air, water, and soil quality from fracturing.

Supporting Statement: Proponents believe the policies explored by the report should include, among other things, use of less toxic fracturing fluids, recycling or reuse of waste fluids, and other structural or procedural strategies to reduce fracturing hazards.



## Appendix B

### Remediate the Midlands 2010

#### 1. Dow Chemical Company

WHEREAS: Contamination from Dow Chemical's global headquarters stretches 52 miles through two river systems to the Saginaw Bay, which empties to Lake Huron, making it one of the largest contamination sites in the country. In the Saginaw River downstream of Dow's Midland plant, dioxin levels have been measured above 1.6 million parts per trillion, the highest levels in the Great Lakes. The residential cleanup standard is 90 ppt.

The Environmental Protection Agency (EPA) charged Dow with delaying cleanup in 2005, 2006 and 2007. In 2007 and 2008 EPA ordered Dow to take immediate action to remove hazardous sediments in highly contaminated areas to protect public health. Recent media reports noted a 25-year history of inaction on the site.

A Dow-funded study confirmed increased levels of dioxin in the blood of residents living in the contaminated floodplain near Dow; median levels of blood dioxin were 28 percent higher than a comparison group. Fish, wild game consumption and soil contact advisories were issued by state agencies. EPA Administrator Lisa Jackson declared the contamination a "threat to public health in the communities in the area, to the vibrancy and diversity of the ecosystem, and to economic development." In June 2009, the EPA intervened and negotiated a proposed Order on Consent using Superfund authority. Intervention was initiated because EPA determined the pace of remediation was inadequate.

Individuals representing 2,000 residents in the area, alleging the contamination lowers property values, are suing Dow Chemical. The class-action lawsuit seeks damages possibly totaling \$100 million dollars.

A National Academy of Science review reaffirmed dioxin's toxicity as a known human carcinogen. The report states, "There does not appear to be a safe 'threshold' for dioxin's carcinogenic effects. Evidence has accumulated ... that dioxin also causes many other health problems even at low levels, such as developmental problems in children, immunologic problems in children and adults, reproductive problems in adults, and diabetes." Dioxin has been called the 'new lead' because its effects on children can include impairments in basic functions, and because exposure is widespread.

Proponents believe that continued delays in characterization and remediation of dioxin exposures may lead to increase long term liabilities and reputational damage for Dow.

RESOLVED: Shareholders request that the Board of Directors issue a report to shareholders by April 2011, at reasonable cost and excluding confidential information, summarizing the pace and effectiveness of the environmental remediation process being undertaken by Dow near its Midland headquarters.

#### Supporting Statement

Proponents believe that such report should include goals to reduce human and wildlife exposure, estimates of the overall volume of dioxin contaminated soil and sediment alleged to be caused or affected by Dow Chemical and the portion that will have been removed or remediated on a year by year basis, for each of the next ten years; methods of remediation; and effectiveness of those methods at removing dioxin from waterways, floodplains and the food chain.

## Appendix C

### Executive Compensation - Say on Pay 2010

#### 1. American Express Company

RESOLVED - the shareholders of American Express recommend that the board of directors adopt a policy requiring that the proxy statement for each annual meeting contain a proposal, submitted by and supported by Company Management, seeking an advisory vote of shareholders to ratify and approve the Compensation Committee's Report and the executive compensation policies and practices set forth in the Company's Compensation Discussion and Analysis.

Supporting Statement: Investors are increasingly concerned about mushrooming executive compensation especially when it is insufficiently linked to performance.

In 2009 shareholders filed close to 100 "Say on Pay" resolutions. Votes on these resolutions averaged more than 46% in favor demonstrating strong shareholder support for this reform. Investor, public and legislative concerns about executive compensation have reached new levels of intensity.

An Advisory Vote establishes an annual referendum process for shareholders about senior executive compensation. We believe this vote would provide our board and management useful information from shareholders on the company's senior executive compensation especially when tied to an innovative investor communication program.

In 2008 Aflac submitted an Advisory Vote resulting in a 93% vote in favor, indicating strong investor support for good disclosure and a reasonable compensation package. Chairman and CEO Daniel Amos said, "An advisory vote on our compensation report is a helpful avenue for our shareholders to provide feedback on our pay-for-performance compensation philosophy and pay package."

Over 30 companies have agreed to an Advisory Vote, including Apple, Ingersoll Rand, Microsoft, Occidental Petroleum, Pfizer, Prudential, Hewlett-Packard, Intel, Verizon, MBIA and PG&E. And nearly 300 TARP participants implemented the Advisory Vote in 2009, providing an opportunity to see it in action at upcoming shareholder meetings.

Influential proxy voting service RiskMetrics Group, recommends votes in favor, noting: "RiskMetrics encourages companies to allow shareholders to express their opinions of executive compensation practices by establishing an annual referendum process. An advisory vote on executive compensation is another step forward in enhancing board accountability."

A bill mandating annual advisory votes passed the House of Representatives, and similar legislation is expected to pass in the Senate. However, we believe companies should demonstrate leadership and proactively adopt this reform before the law requires it.

We believe existing SEC rules and stock exchange listing standards do not provide shareholders with sufficient mechanisms for providing input to boards on senior executive compensation. In contrast, in the United Kingdom, public companies allow shareholders to cast a vote on the "directors' remuneration report," which discloses executive compensation. Such a vote isn't binding, but gives shareholders a clear voice that could help shape senior executive compensation.

We believe voting against the election of Board members in order to send a message about executive compensation is a blunt, sledgehammer approach, whereas an Advisory Vote provides shareowners a more effective instrument.

We believe that a company that has a clearly explained compensation philosophy and metrics, reasonably links pay to performance, and communicates effectively to investors would find a management sponsored Advisory Vote a helpful tool.

## 2. Coca-Cola Company

RESOLVED - shareholders of Coca Cola recommend that the board of directors adopt a policy requiring that the proxy statement for each annual meeting contain a proposal, submitted by and supported by Company Management, seeking an advisory vote of shareholders to ratify and approve the board Compensation's Committee Report and the executive compensation policies and practices set forth in the Company's Compensation Discussion/Analysis.

Supporting Statement: Investors are increasingly concerned about mushrooming executive compensation especially when it is insufficiently linked to performance. In 2009 shareholders filed nearly 100 "Say on Pay" resolutions. Votes on these resolutions averaged more than 46% in favor. More than 20 companies had votes over 50%, demonstrating strong shareholder support for this reform. The Coca Cola resolution received 36.32%, a significant showing.

Investor, public and legislative concerns about executive compensation have reached new levels of intensity. A 2009 report by The Conference Board Task Force on Executive Compensation, noting that pay has become a flashpoint, recommends taking immediate and credible action "in order to restore trust in the ability of boards to oversee executive compensation" and calls for compensation programs which are "transparent, understandable and effectively communicated to shareholders."

An Advisory Vote establishes an annual referendum process for shareholders about senior executive compensation. We believe this vote would provide our board and management useful information about shareholder views on the company's senior executive compensation especially when tied to an innovative investor communication program.

Approximately 30 companies have agreed to an Advisory Vote, including Apple, Ingersoll Rand, Microsoft, Occidental Petroleum, Prudential, Hewlett-Packard, Intel, Verizon, MBIA and PG&E. And nearly 300 TARP participants implemented the Advisory Vote in 2009, providing an opportunity to see it in action.

Influential proxy voting service RiskMetrics Group, recommends votes in favor, noting: "RiskMetrics encourages companies to allow shareholders to express their opinions of executive compensation practices by establishing an annual referendum process. An advisory vote on executive compensation is another step forward in enhancing board accountability."

A bill mandating annual advisory votes passed the House of Representatives, and similar legislation is expected to pass in the Senate. However, we believe companies should demonstrate leadership and proactively adopt this reform before the law requires it.

We believe existing SEC rules and stock exchange listing standards do not provide shareholders with sufficient mechanisms for providing input to boards on senior executive compensation. In contrast, in the United Kingdom, public companies allow shareholders to cast a vote on the "directors' remuneration report," which discloses executive compensation. Such a vote isn't binding, but gives shareholders a clear voice that could help shape senior executive compensation.

We believe voting against the election of Board members to send a message about executive compensation is a blunt, sledgehammer approach, whereas an Advisory Vote provides shareowners a more effective instrument.

We believe that a company that has a clearly explained compensation philosophy and metrics, reasonably links pay to performance, and communicates effectively to investors would find a management sponsored Advisory Vote a helpful tool.

### 3. CVS Caremark Corporation

RESOLVED, that shareholders of CVS Caremark Corporation (“CVS Caremark”) request the board of directors to adopt a policy that provides shareholders the opportunity at each annual shareholder meeting to vote on an advisory resolution, proposed by management, to ratify the compensation of the named executive officers (“NEOs”) set forth in the proxy statement’s Summary Compensation Table (the “SCT”) and the accompanying narrative disclosure of material factors provided to understand the SCT (but not the Compensation Discussion and Analysis). The proposal submitted to shareholders should make clear that the vote is non-binding and would not affect any compensation paid or awarded to any NEO.

Supporting Statement: As long-term owners, we believe that a company’s pay practices reflect how well a board aligns management and shareholder interests.

We believe existing SEC rules and stock exchange listing standards do not provide shareholders with sufficient mechanisms for providing input to boards on senior executive compensation. In contrast, in the United Kingdom, public companies allow shareholders to cast a vote on the “directors’ remuneration report,” which discloses executive compensation. Such a vote isn’t binding, but gives shareholders a clear voice that could help shape senior executive compensation. A 2007 study of executive compensation in the U.K. before and after the adoption of the shareholder advisory vote there found that CEO cash and total compensation became more sensitive to negative operating performance after the vote’s adoption. (Sudhakar Balachandran et al., “Solving the Executive Compensation Problem through Shareholder Votes? Evidence from the U.K.” (Oct. 2007).)

Currently U.S. share exchange listing standards require shareholder approval of equity-based compensation plans; those plans, however, set general parameters and accord the compensation committee substantial discretion in making awards and establishing performance thresholds for a particular year. Shareholders do not have any mechanism for providing ongoing feedback on the application of those general standards to individual pay packages.

Similarly, performance criteria submitted for shareholder approval to allow a company to deduct compensation in excess of \$1 million are broad and do not constrain compensation committees in setting performance targets for particular senior executives. Withholding votes from compensation committee members who are standing for reelection is a blunt and insufficient instrument for registering dissatisfaction with the way in which the committee has administered compensation plans and policies in the previous year.

Accordingly, we urge the board to allow shareholders to express their opinion about senior executive compensation by establishing an annual referendum process. The results of such a vote could provide CVS Caremark with useful information about shareholders’ views on the company’s senior executive compensation, as reported each year, and would facilitate constructive dialogue between shareholders and the board.

Last year, a majority of shareholders voted in favor of a similar resolution filed by the Connecticut Retirement Plans and Trust Funds (“CRPTF”). We urge shareholders to continue to support this proposal.

#### 4. EnCana Corporation

IT IS PROPOSED THAT: shareholders of EnCana Corporation (EnCana) urge the board of directors to adopt a policy that EnCana’s shareholders be given the opportunity at each annual meeting of shareholders to vote on an advisory resolution, to be proposed by EnCana’s management, to ratify the compensation of the Named Executive Officers set forth in the proxy statement. The proposal submitted to shareholders should state clearly that the vote is non-binding and would not affect any compensation paid or awarded to any Named Executive Officer.

Ever-improving executive compensation disclosure allows shareholders to become better informed with respect to the amounts to be paid to executives, the circumstances under which payments will be made, and the reasons for specific decisions about compensation structure. However disclosure is not a vote. It does not allow shareholders to provide any input on the decisions that have been made.

Shareholders are seeking assurance that directors are making serious efforts to ensure that executive compensation is linked to corporate performance. Many are also concerned about the arrangements made with executives under pension schemes and severance packages. An advisory vote provides shareholders with an opportunity to register their views on all elements of executive compensation.

Shareholders of Canadian issuers do consider and vote on the adoption of stock-based compensation plans and many types of amendments made to the plans after they are adopted. Most other elements of executive compensation are not subject to a direct shareholder vote.

In the absence of a pay vote at EnCana, shareholders who do not support some or all aspects of the corporation’s executive compensation packages can only register this view through the relatively imprecise methods of withholding votes from the entire board or the directors on the compensation committee. An advisory vote will allow shareholders to clearly express their views of executive compensation by voting on the matter directly.

The institution of an advisory vote on executive compensation implicitly acknowledges the expertise of the directors charged with making decisions regarding compensatory matters while allowing shareholders to provide their views of those decisions.

Most importantly, a shareholder vote on executive compensation has been found to improve communication between shareholders and issuers on executive compensation.

In the UK, virtually all public companies have been required to provide their shareholders with an advisory vote on executive compensation since 2003. Pension investment manager Railpen and proxy advisor PIRC recently reported that “Having a vote has been valuable in terms of increasing and enriching the dialogue between investors and the company. There is now a more sophisticated debate taking place.”<sup>1</sup>

A number of Canadian companies have agreed to provide their shareholders with an annual advisory vote on executive compensation, or ‘say on pay’, beginning in 2010. An advisory shareholder vote on executive compensation is now corporate governance best practice for public issuers in the Canadian market.

## 5. Goldman Sachs Group Inc.

RESOLVED, that shareholders of Goldman Sachs Group Inc. request the board of directors to adopt a policy that provides shareholders the opportunity at each annual shareholder meeting to vote on an advisory resolution, proposed by management, to ratify the compensation of the named executive officers (“NEOs”) set forth in the proxy statement’s Summary Compensation Table (the “SCT”) and the accompanying narrative disclosure of material factors provided to understand the SCT (but not the Compensation Discussion and Analysis). The proposal submitted to shareholders should make clear that the vote is non-binding and would not affect any compensation paid or awarded to any NEO.

Supporting Statement: Investors are increasingly concerned about mushrooming executive compensation especially when it is insufficiently linked to performance. Federal policy makers are concerned as well. In 2009, all companies that received federal Troubled Asset Relief Program (TARP) funds – including Goldman Sachs – were required to include such an advisory vote in their proxy materials. Pending legislation would require such a vote at all companies.

Because Goldman Sachs repaid its TARP funds to the federal government, there will be no requirement that such an Advisory Vote be included in the 2010 proxy. We are urging the Board to implement such a policy as a corporate governance best practice.

In 2009, Goldman Sachs set aside a significant portion of their revenue for employee bonuses. Many shareholders have raised concerns about the size of the bonus pool, and how it is to be distributed. An Advisory Vote would give shareholders an opportunity to provide direct feedback on this and on other executive compensation policies and practices.

An Advisory Vote establishes an annual referendum process for shareholders about senior executive compensation. We believe the results of this vote would provide the board and management useful information about shareholder views on the company’s senior executive compensation.

We believe that existing U.S. Securities and Exchange Commission rules and stock exchange listing standards do not currently provide shareholders with sufficient mechanisms for providing input to boards on senior executive compensation. In contrast, in the United Kingdom, public companies allow shareholders to cast a vote on the “directors’ remuneration report,” which discloses executive compensation. Such a vote isn’t binding, but gives shareholders a clear voice that could help shape senior executive compensation.

We believe that a company that has a clearly explained compensation philosophy and metrics, reasonably links pay to performance, and communicates effectively to investors would find a management sponsored Advisory Vote a helpful tool.

We urge our board to allow shareholders to express their opinion about senior executive compensation through an Advisory Vote.

<sup>1</sup> Say on Pay Six Years On: Lessons from the UK Experience, Deborah Gilshan, Corporate Governance Counsel, Railpen Investments and PIRC Limited, p. 23.

## 6. International Business Machines Corporation (IBM)

RESOLVED - the shareholders of International Business Machines (IBM) recommend that the board of directors adopt a policy requiring that the proxy statement for each annual meeting contain a proposal, submitted by and supported by Company Management, seeking an advisory vote of shareholders to ratify

and approve the board Compensation's Committee Report and the executive compensation policies and practices set forth in the Company's Compensation Discussion and Analysis.

Supporting Statement: Investors are increasingly concerned about mushrooming executive compensation especially when it is insufficiently linked to performance. In 2009 shareholders filed close to 100 "Say on Pay" resolutions. Votes on these resolutions averaged more than 46% in favor, and more than 20 companies had votes over 50%, demonstrating strong shareholder support for this reform.

Investor, public and legislative concerns about executive compensation have reached new levels of intensity. A 2009 report by The Conference Board Task Force on Executive Compensation, noting that pay has become a flashpoint, recommends taking immediate and credible action "in order to restore trust in the ability of boards to oversee executive compensation" and calls for compensation programs which are "transparent, understandable and effectively communicated to shareholders."

An Advisory Vote establishes an annual referendum process for shareholders about senior executive compensation. We believe this vote would provide our board and management useful information about shareholder views on the company's senior executive compensation especially when tied to an innovative investor communication program.

Over 25 companies have agreed to an Advisory Vote, including Apple, Ingersoll Rand, Microsoft, Occidental Petroleum, Hewlett-Packard, Intel, Verizon, MBIA and PG&E. And nearly 300 TARP participants implemented the Advisory Vote in 2009, providing an opportunity to see it in action.

Influential proxy voting service RiskMetrics Group, recommends votes in favor, noting: "RiskMetrics encourages companies to allow shareholders to express their opinions of executive compensation practices by establishing an annual referendum process. An advisory vote on executive compensation is another step forward in enhancing board accountability."

A bill mandating annual advisory votes passed the House of Representatives, and similar legislation is expected to pass in the Senate. However, we believe companies should demonstrate leadership and proactively adopt this reform before the law requires it.

We believe existing SEC rules and stock exchange listing standards do not provide shareholders with sufficient mechanisms for providing input to boards on senior executive compensation. In contrast, in the United Kingdom, public companies allow shareholders to cast a vote on the "directors' remuneration report," which discloses executive compensation. Such a vote isn't binding, but gives shareholders a clear voice that could help shape senior executive compensation.

We believe voting against the election of Board members to send a message about executive compensation is a blunt, sledgehammer approach, whereas an Advisory Vote provides shareowners a more effective instrument.

We believe that a company that has a clearly explained compensation philosophy and metrics, reasonably links pay to performance, and communicates effectively to investors would find a management sponsored Advisory Vote a helpful tool.

## 7. Johnson & Johnson

RESOLVED - the shareholders of Johnson & Johnson recommend that the board of directors adopt a policy requiring that the proxy statement for each annual meeting contain a proposal, submitted by and supported by Company Management, seeking an advisory vote of shareholders to ratify and approve the

board Compensation's Committee Report and the executive compensation policies and practices set forth in the Company's Compensation Discussion and Analysis.

Supporting Statement: Investors are increasingly concerned about mushrooming executive compensation especially when it is insufficiently linked to performance

In 2009 shareholders filed close to 100 "Say on Pay" resolutions. Votes on these resolutions averaged more than 46% in favor, and close to 25 companies had votes over 50%, demonstrating strong shareholder support for this reform. Investor, public and legislative concerns about executive compensation have reached new levels of intensity.

An Advisory Vote establishes an annual referendum process for shareholders about senior executive compensation. We believe this vote would provide our board and management useful information from shareholders on the company's senior executive compensation especially when tied to an innovative investor communication program.

In 2008 Aflac submitted an Advisory Vote resulting in a 93% vote in favor, indicating strong investor support for good disclosure and a reasonable compensation package. Chairman and CEO Daniel Amos said, "An advisory vote on our compensation report is a helpful avenue for our shareholders to provide feedback on our pay-for-performance compensation philosophy and pay package."

Over 30 companies have agreed to an Advisory Vote, including Apple, Ingersoll Rand, Microsoft, Occidental Petroleum, Pfizer, Prudential, Hewlett-Packard, Intel, Verizon, MBIA and PG&E. And nearly 300 TARP participants implemented the Advisory Vote in 2009, providing an opportunity to see it in action.

Influential proxy voting service RiskMetrics Group, recommends votes in favor, noting: "RiskMetrics encourages companies to allow shareholders to express their opinions of executive compensation practices by establishing an annual referendum process. An advisory vote on executive compensation is another step forward in enhancing board accountability."

A bill mandating annual advisory votes passed the House of Representatives, and similar legislation is expected to pass in the Senate. However, we believe companies should demonstrate leadership and proactively adopt this reform before the law requires it.

We believe existing SEC rules and stock exchange listing standards do not provide shareholders with sufficient mechanisms for providing input to boards on senior executive compensation. In contrast, in the United Kingdom, public companies allow shareholders to cast a vote on the "directors' remuneration report," which discloses executive compensation. Such a vote isn't binding, but gives shareholders a clear voice that could help shape senior executive compensation.

We believe voting against the election of Board members to send a message about executive compensation is a blunt, sledgehammer approach, whereas an Advisory Vote provides shareowners a more effective instrument.

We believe that a company that has a clearly explained compensation philosophy and metrics, reasonably links pay to performance, and communicates effectively to investors would find a management sponsored Advisory Vote a helpful tool.



## 8. PepsiCo, Inc.

RESOLVED - the shareholders of PepsiCo recommend that the board of directors adopt a policy requiring that the proxy statement for each annual meeting contain a proposal, submitted by and supported by Company Management, seeking an advisory vote of shareholders to ratify and approve the board Compensation's Committee Report and the executive compensation policies and practices set forth in the Company's Compensation Discussion and Analysis.

Supporting Statement: Investors are increasingly concerned about mushrooming executive compensation especially when it is insufficiently linked to performance

In 2009 shareholders filed close to 100 "Say on Pay" resolutions. Votes on these resolutions averaged more than 46% in favor, and close to 25 companies had votes over 50%, demonstrating strong shareholder support for this reform. Investor, public and legislative concerns about executive compensation have reached new levels of intensity.

An Advisory Vote establishes an annual referendum process for shareholders about senior executive compensation. We believe this vote would provide our board and management useful information from shareholders on the company's senior executive compensation especially when tied to an innovative investor communication program.

In 2008 Aflac submitted an Advisory Vote resulting in a 93% vote in favor, indicating strong investor support for good disclosure and a reasonable compensation package. Chairman and CEO Daniel Amos said, "An advisory vote on our compensation report is a helpful avenue for our shareholders to provide feedback on our pay-for-performance compensation philosophy and pay package."

Over 30 companies have agreed voluntarily to an Advisory Vote, including Apple, Ingersoll Rand, Microsoft, Occidental Petroleum, Pfizer, Prudential, Hewlett-Packard, Intel, Verizon, MBIA and PG&E. And nearly 300 TARP participants implemented the Advisory Vote in 2009, providing an opportunity to see it in action.

Influential proxy voting service RiskMetrics Group, recommends votes in favor, noting: "RiskMetrics encourages companies to allow shareholders to express their opinions of executive compensation practices by establishing an annual referendum process. An advisory vote on executive compensation is another step forward in enhancing board accountability."

A bill mandating annual advisory votes passed the House of Representatives, and similar legislation is expected to pass in the Senate. However, we believe companies should demonstrate leadership and proactively adopt this reform before the law requires it.

We believe existing SEC rules and stock exchange listing standards do not provide shareholders with sufficient mechanisms for providing input to boards on senior executive compensation. In contrast, in the United Kingdom, public companies allow shareholders to cast a vote on the "directors' remuneration report," which discloses executive compensation. Such a vote isn't binding, but gives shareholders a clear voice that could help shape senior executive compensation.

We believe voting against the election of Board members to send a message about executive compensation is a blunt, sledgehammer approach, whereas an Advisory Vote provides shareowners a more effective instrument.

We believe that a company that has a clearly explained compensation philosophy and metrics, reasonably links pay to performance, and communicates effectively to investors would find a management sponsored Advisory Vote a helpful tool.

## 9. Raytheon Company

RESOLVED, that stockholders of Raytheon Company (“Raytheon”) request the board of directors to adopt a policy that provides stockholders the opportunity at each annual stockholder meeting to vote on an advisory resolution, proposed by management, to ratify the compensation of the named executive officers (“NEOs”) set forth in the proxy statement’s Summary Compensation Table (the “SCT”) and the accompanying narrative disclosure of material factors provided to understand the SCT (but not the Compensation Discussion and Analysis). The proposal submitted to stockholders should make clear that the vote is non-binding and would not affect any compensation paid or awarded to any NEO.

Supporting Statement: In our view, senior executive compensation at Raytheon has not always been structured in ways that best serve stockholders’ interests. For example, in 2008 Chairman and CEO William Swanson’s total compensation of \$24,392,698 was more than the combined total compensation of the next four highest paid NEOs. We believe that the pay equity gap among our executives is cause for concern. A Harvard study shows that greater executive pay inequity is associated with lower firm value and greater CEO entrenchment. (Lucian Bebchuk et al., “Pay Distribution in the Top Executive Team” (February 2007))

We believe that existing U.S. corporate governance arrangements, including SEC rules and stock exchange listing standards, do not provide stockholders with sufficient mechanisms for providing input to boards on senior executive compensation. In contrast to U.S. practice, in the United Kingdom, public companies allow stockholders to cast an advisory vote on the “directors’ remuneration report,” which discloses executive compensation. Such a vote isn’t binding, but gives stockholders a clear voice that could help shape senior executive compensation.

Currently U.S. stock exchange listing standards require stockholder approval of equity-based compensation plans; those plans, however, set general parameters and accord the compensation committee substantial discretion in making awards and establishing performance thresholds for a particular year. Stockholders do not have any mechanism for providing ongoing feedback on the application of those general standards to individual pay packages.

Similarly, performance criteria submitted for stockholder approval to allow a company to deduct compensation in excess of \$1 million are broad and do not constrain compensation committees in setting performance targets for particular senior executives. Withholding votes from compensation committee members who are standing for reelection is a blunt and insufficient instrument for registering dissatisfaction with the way in which the committee has administered compensation plans and policies in the previous year.

Accordingly, we urge our board to allow stockholders to express their opinion about senior executive compensation by establishing an annual referendum process. The results of such a vote could provide Raytheon with useful information about stockholders’ views on the company’s senior executive compensation, as reported each year, and would facilitate constructive dialogue between stockholders and the board.

We urge stockholders to vote for this proposal.

## 10. Wal-Mart Stores, Inc.

RESOLVED, that the shareholders of Wal-Mart Stores, Inc. (“Wal-Mart” or the “Company”) urge the board of directors to adopt a policy under which shareholders could vote at each annual meeting on an advisory resolution, to be proposed by Wal-Mart’s management, to ratify the compensation of the named executive officers (“NEOs”) set forth in the proxy statement’s Summary Compensation Table (the

“SCT”) and the accompanying narrative disclosure of material factors provided to understand the SCT (but not the Compensation Discussion and Analysis). The proposal submitted to shareholders should make clear that the vote is non-binding and would not affect any compensation paid or awarded to any NEO.

Supporting Statement: Investors are increasingly concerned about mushrooming executive compensation that sometimes appears to be insufficiently aligned with the creation of shareholder value. Those concerns have only increased in the current economic downturn.

A recent SEC rule, which received record support from investors, requires companies to disclose additional information about compensation and perquisites for top executives. In adopting this rule, the SEC made it clear that market forces, not the SEC, should provide checks and balances on compensation practices.

We believe that existing U.S. corporate governance arrangements, including SEC rules and stock exchange listing standards, do not give shareholders enough mechanisms to provide input to boards on senior executive compensation. By contrast, public companies in the United Kingdom allow shareholders to cast an advisory vote on the “directors’ remuneration report,” which discloses executive compensation. Such a vote is not binding, but gives shareholders a clear voice that could help shape senior executive compensation.

U.S. stock exchange listing standards require shareholder approval of equity-based compensation plans, but those plans set only general parameters and accord the compensation committee substantial discretion in making awards and establishing performance thresholds for a particular year. Shareholders do not have a means to provide ongoing feedback on the application of those general standards to individual pay packages. (See Lucian Bebchuk & Jesse Fried, *PAY WITHOUT PERFORMANCE* 49 (2004))

Similarly, performance criteria submitted for shareholder approval that would allow a company to deduct compensation in excess of \$1 million are broad and do not constrain compensation committees in setting performance targets for particular senior executives. Withholding votes from compensation committee members who are standing for reelection is a blunt and inadequate instrument for registering dissatisfaction with the way in which the committee has administered compensation plans and policies in the previous year.

Accordingly, we urge Wal-Mart’s board to let shareholders express their opinion about senior executive compensation by establishing an annual referendum process. The results of such a vote would, we think, provide Wal-Mart with useful information about whether shareholders view the company’s senior executive compensation, as reported each year, to be in shareholders’ best interests.

We urge shareholders to vote for this proposal.

## Appendix D

### Sexual Orientation Non Discrimination 2010

#### 1. Home Depot, Inc.

WHEREAS: The Home Depot, Inc. does not explicitly prohibit discrimination based on gender identity or expression in its written employment policy, yet ConocoPhillips' policy already does explicitly prohibit discrimination based on sexual orientation;

Over 30% of the Fortune 500 companies have adopted written nondiscrimination policies prohibiting harassment and discrimination on the basis of gender identity, as well as 400 leading private sector companies and eight-five U.S. colleges and universities, according to the Human Rights Campaign;

Ninety three City and County Governments and twelve States have passed clear gender identity and expression legislative protections including California, Colorado, the District of Columbia, Hawaii, Illinois, Maine, Minnesota, New Mexico, Pennsylvania, Rhode Island, Vermont and Washington;

Over 350 U.S. based human rights organizations and every U.S. State civil rights advocacy group has endorsed national legislation explicitly prohibiting discrimination based on sexual orientation as well as gender identity.

Our company has operations in, and makes sales to institutions in States and Cities that currently prohibit discrimination on the basis of sexual orientation and gender identity;

We believe that corporations that prohibit discrimination both on the basis of sexual orientation and gender identity have a competitive advantage in recruiting and retaining employees from the widest talent pool.

RESOLVED: The Shareholders request that The Home Depot, Inc., amend its written equal employment opportunity policy to explicitly prohibit discrimination based on sexual orientation and gender identity or expression and to substantially implement the policy.

Supporting Statement: Employment discrimination on the basis of sexual orientation and gender identity diminishes employee morale and productivity. Because state and local laws are inconsistent with respect to such employment discrimination, our company would benefit from a consistent, corporate-wide policy to enhance efforts to prevent discrimination, resolve complaints internally, and ensure a respectful and supportive atmosphere for all employees. Wal-Mart will enhance its competitive edge by joining the growing ranks of companies guaranteeing equal opportunity for all employees

## Appendix E

### Hydraulic Fracturing - Weblinks

1. Potential health risks associated with hydraulic fracturing:

<http://www.earthworksaction.org/FracingDetails.cfm>

2. 2004 EPA Report contesting the dangers of hydraulic fracturing with respect to safe water:

[http://www.epa.gov/safewater/uic/pdfs/cbmstudy\\_attach\\_uic\\_ch04\\_hyd\\_frac\\_fluids.pdf](http://www.epa.gov/safewater/uic/pdfs/cbmstudy_attach_uic_ch04_hyd_frac_fluids.pdf)

3. 1994 Alabama lawsuit:

<http://www.iadc.org/dcpi/dc-janfeb00/j-coalbed.pdf>

4. November, 2009 lawsuit:

<http://www.reuters.com/article/idUSTRE5A80PP20091109>

5. Weitz and Luxenberg class action lawsuit:

[http://www.weitzlux.com/natural-gas\\_1961318.html](http://www.weitzlux.com/natural-gas_1961318.html)

6. Potential regulatory legislature:

<http://www.marketwatch.com/story/new-york-eyes-new-rules-on-marcellus-drilling-2009-10-01>;  
<http://www.govtrack.us/congress/billtext.xpd?bill=s111-1215>

7. EnCana fined:

<http://m.rockymountainnews.com/news/2006/feb/03/encana-cited-for-alleged-erosion-violations/>

8. New EPA study:

<http://www.propublica.org/feature/congress-tells-epa-to-study-hydraulic-fracturing-hinchey-1110>

9. Other companies planning to release the chemicals used in fracturing:

<http://www.eenews.net/public/Greenwire/2009/10/01/3>