

Press Release
February 13, 2013

The Illinois State Board of Investment and the Shareholder Rights Project Announce the Results of their 2012 Collaboration

CAMBRIDGE, MA – The Illinois State Board of Investment (ISBI) and the Shareholder Rights Project (SRP) are pleased to announce the results of their work during 2012. ISBI and the SRP worked together on board declassification proposals submitted to 24 S&P 500 companies for presentation at their 2012 annual meetings. This work led to the following outcomes:

- 11 negotiated agreements for companies to bring management declassification proposals;
- 13 successful precatory proposals recommending declassification, with average support of 82%;
- 9 companies that have already declassified; and
- At least 5 companies that will be bringing management proposals to declassify to a vote in 2013.

Following active engagements by ISBI and the SRP, 11 S&P 500 companies receiving proposals entered into agreements to put forward management declassification proposals (see the table below for a list of these companies and additional details). Nine of these agreements called for the companies to put forward agreed-upon management proposals for approval at the companies' annual meeting in 2012, and two in 2013.

Eight of the nine agreed-upon management proposals voted on in 2012 passed, resulting in the declassification of eight S&P 500 companies (listed in the table below). At one company the agreed-upon management proposal won a substantial majority but did not pass due to a supermajority provision requiring approval by 80% of shares outstanding. Two agreed-upon management proposals will go to a vote of shareholder approval in 2013.

Where ISBI and the SRP were unable to reach negotiated outcomes, shareholder proposals urging board declassification went to a vote at the 2012 annual meetings of 13 S&P 500 companies (listed in the table below). All 13 shareholder proposals passed, receiving average shareholder support of 82% of votes cast.

As a result of these successful shareholder proposals, one of these companies has since declassified, and three other companies have announced their intention to bring a management declassification proposal to a vote in 2013 (see details in the table below). Additional companies are expected to heed the strong support for declassification expressed in the shareholder votes.

ISBI and the SRP have continued to engage with the other S&P 500 companies where proposals received majority support in 2012. The SRP, on behalf of ISBI, has submitted new shareholder declassification proposals to those companies that had not committed to declassify prior to the proposal submission. It is hoped that, as occurred during the 2012 proxy season, the dialog with these companies will result in further agreements to bring management declassification proposals for a shareholder vote.

Annual elections are widely viewed as corporate governance best practice. A move to annual elections could make directors more accountable and thereby contribute to improving performance and increasing firm value.

ISBI is a non-appropriated state agency that is responsible for managing and investing the pension assets of the Illinois General Assembly Retirement System, the Judges’ Retirement System of Illinois and the State Employees’ Retirement System of Illinois. ISBI managed assets with a value exceeding \$12 billion as of December 31, 2012. More information regarding ISBI can be found at <http://www.isbi.illinois.gov>.

The SRP is a clinical program at Harvard Law School. The SRP is working on behalf of 8 public pension funds and charitable organizations seeking to improve corporate governance at publicly traded companies in which they are shareowners, as well as on research and policy projects related to corporate governance. During 2012, the SRP assisted SRP-represented investors with selecting companies for proposal submission, designing proposals, engaging with companies, negotiating and executing agreements by companies to bring management declassification proposals, and presenting proposals at annual meetings. Any views expressed and positions taken by the SRP and its representatives should be attributed solely to the SRP and not to Harvard Law School or Harvard University. More information regarding the SRP can be found at <http://srp.law.harvard.edu>.

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The table below shows the outcome of each shareholder declassification proposal submitted by ISBI in collaboration with the SRP (percentages shown are of votes cast).

Outcome of ISBI-SRP Collaboration during 2012

	Company	Outcome
1.	Akamai Technologies, Inc. (AKAM)	Agreement reached; agreed-upon MANAGEMENT DECLASSIFICATION PROPOSAL going to a vote in 2013.

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2.	Apache Corporation (APA)	PRECATORY PROPOSAL PASSED (89% support); company subsequently announced MANAGEMENT DECLASSIFICATION PROPOSAL going to a vote in 2013.
3.	BlackRock, Inc. (BLK)	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
4.	CenturyLink, Inc. (CTL)	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
5.	Cerner Corporation (CERN)	PRECATORY PROPOSAL PASSED (65% support); a precatory proposal was submitted for the 2013 annual meeting and dialog continued.
6.	Chipotle Mexican Grill, Inc. (CMG)	PRECATORY PROPOSAL PASSED (89% support); a precatory proposal was submitted for the 2013 annual meeting and dialog continued.
7.	Coventry Health Care, Inc. (CVH)	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
8.	Edwards Lifesciences Corporation (EW)	PRECATORY PROPOSAL PASSED (98% support); a precatory proposal was submitted for the 2013 annual meeting and dialog continued.
9.	F5 Networks, Inc. (FFIV)	PRECATORY PROPOSAL PASSED (77% support); company subsequently announced MANAGEMENT DECLASSIFICATION PROPOSAL going to a vote in 2013.
10.	Fidelity National Information Services, Inc. (FIS)	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
11.	Juniper Networks, Inc. (JNPR)	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
12.	Limited Brands, Inc. (LTD)	PRECATORY PROPOSAL PASSED (65% support); a precatory proposal was submitted for the 2013 annual meeting and dialog continued.
13.	Lorillard, Inc. (LO)	PRECATORY PROPOSAL PASSED (96% support); a precatory proposal was submitted for the 2013 annual meeting and dialog continued.
14.	Masco Corporation (MAS)	PRECATORY PROPOSAL PASSED (85% support); a precatory proposal was submitted for the 2013 annual meeting and dialog continued.

	Company	Outcome
15.	Newell Rubbermaid Inc. (NWL)	BOARD DECLASSIFIED after agreed-upon management proposal passed in 2012.
16.	Owens-Illinois, Inc. (OI)	BOARD DECLASSIFIED after agreed upon management proposal passed in 2012.
17.	Principal Financial Group, Inc. (PFG)	Agreement reached; agreed-upon MANAGEMENT DECLASSIFICATION PROPOSAL going to a vote in 2013.
18.	QEP Resources, Inc. (QEP)	PRECATORY PROPOSAL PASSED (88% support); a precatory proposal was submitted for the 2013 annual meeting and dialog continued.
19.	Quest Diagnostics Incorporated (DGX)	PRECATORY PROPOSAL PASSED (94% support); company subsequently announced MANAGEMENT DECLASSIFICATION PROPOSAL going to a vote in 2013.
20.	St. Jude Medical, Inc. (STJ)	Agreed-upon management declassification proposal received majority support but did not pass due to 80% supermajority requirement; a precatory proposal was submitted for the 2013 annual meeting and dialog continued.
21.	The Progressive Corporation (PGR)	BOARD DECLASSIFIED after agreed-upon management proposal passed in 2012.
22.	Urban Outfitters, Inc. (URBN)	Precatory proposal passed (60% support); BOARD DECLASSIFIED by subsequent board-adopted bylaw amendment.
23.	Vornado Realty Trust (VNO)	PRECATORY PROPOSAL PASSED (86% support); a precatory proposal was submitted for the 2013 annual meeting and dialog continued.
24.	Vulcan Materials Company (VMC)	PRECATORY PROPOSAL PASSED (73% support); a precatory proposal was submitted for the 2013 annual meeting and dialog continued.