

Press Release
February 13, 2013

The Los Angeles County Employees Retirement Association and the Shareholder Rights Project Announce the Results of their 2012 Collaboration

CAMBRIDGE, MA – The Los Angeles County Employees Retirement Association (LACERA) and the Shareholder Rights Project (SRP) are pleased to announce the results of their work during 2012.

LACERA and the SRP worked together on board declassification proposals submitted to 14 S&P 500 companies for presentation at their 2012 annual meetings. This work led to the following outcomes:

- 6 negotiated agreements for companies to bring management declassification proposals;
- 7 successful precatory proposals recommending declassification, with average support of 82%;
- 2 companies that have already declassified; and
- At least 4 companies that will be bringing management proposals to declassify to a vote in 2013.

Following active engagements by LACERA and the SRP, six 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). Two of these agreements called for the companies to put forward agreed-upon management proposals for approval at the companies' annual meeting in 2012, and four in 2013.

Both agreed-upon management proposals voted on in 2012 passed, resulting in the declassification of boards of two S&P 500 companies (listed in the table below). Four agreed-upon management proposals will go to a vote for shareholder approval in 2013.

Where LACERA and the SRP were unable to reach negotiated outcomes, shareholder proposals urging board declassification went to a vote at the 2012 annual meetings of seven S&P 500 companies (listed in the table below). All seven 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 announced its 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.

LACERA 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 LACERA, 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.

LACERA, the largest county retirement system in the United States, administers and manages the retirement fund for employees and retirees of Los Angeles County and its outside districts, and their beneficiaries. LACERA managed assets with a value exceeding \$38 billion and provided retirement benefits and savings for more than 148,000 members as of June 30, 2012. More information regarding LACERA can be found at <http://www.lacera.com>.

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>.

Inquiries should be directed to Emily Lewis, Administrative Director of the SRP, at (617) 495-8254 or emlewis@law.harvard.edu.

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

Outcome of LACERA-SRP Collaboration during 2012

	Company	Outcome
1.	Airgas, Inc. (ARG)	PRECATORY PROPOSAL PASSED (64% support); a precatory proposal was submitted for the 2013 annual meeting and dialog continued.
2.	CareFusion Corporation (CFN)	Precatory proposal to be voted on at upcoming annual meeting (which was postponed until 2013).

	Company	Outcome
3.	CF Industries Holdings, Inc. (CF)	PRECATORY PROPOSAL PASSED (93% support); company subsequently announced MANAGEMENT DECLASSIFICATION PROPOSAL going to a vote in 2013.
4.	Citrix Systems, Inc. (CTXS)	Agreement reached; agreed-upon MANAGEMENT DECLASSIFICATION PROPOSAL going to a vote in 2013.
5.	Cognizant Technology Solutions Corporation (CTSH)	PRECATORY PROPOSAL PASSED (91% support); a precatory proposal was submitted for the 2013 annual meeting and dialog continued.
6.	DENTSPLY International Inc. (XRAY)	PRECATORY PROPOSAL PASSED (78% support); a precatory proposal was submitted for the 2013 annual meeting and dialog continued.
7.	McDonald's Corporation (MCD)	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
8.	MetroPCS Communications, Inc. (PCS)	Agreement reached; agreed-upon MANAGEMENT DECLASSIFICATION PROPOSAL going to a vote in 2013.
9.	Netflix, Inc. (NFLX)	PRECATORY PROPOSAL PASSED (75% support); a precatory proposal was submitted for the 2013 annual meeting and dialog continued.
10.	Pioneer Natural Resources Company (PXD)	BOARD DECLASSIFIED after agreed-upon management declassification proposal passed in 2012.
11.	Red Hat, Inc. (RHT)	PRECATORY PROPOSAL PASSED (95% support); a precatory proposal was submitted for the 2013 annual meeting and dialog continued.
12.	Roper Industries, Inc. (ROP)	Agreement reached; agreed-upon MANAGEMENT DECLASSIFICATION PROPOSAL going to a vote in 2013.
13.	The J. M. Smucker Company (SJM)	PRECATORY PROPOSAL PASSED (77% support); a precatory proposal was submitted for the 2013 annual meeting and dialog continued.
14.	Unum Group (UNM)	Agreement reached; agreed-upon MANAGEMENT DECLASSIFICATION PROPOSAL going to a vote in 2013.