New York City Pension Funds

2014 Shareowner Initiatives

POSTSEASON REPORT

New York City Comptroller
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Contents

Explanatory Note on Change in Reporting Period

This report covers the 12 months ending June 30, 2014, consistent with the fiscal year reporting period used by the five New York City pension funds and by the City of New York. Because most U.S. companies hold their annual meetings during the spring, June 30th is also consistent with the end of "proxy season" as generally understood by investors.

Previous Postseason Reports were prepared on a calendar year basis (except for certain proxy voting data, which was reported on a fiscal year basis). As a result of the change, this report includes shareowner proposals from two fall 2013 annual meetings – FedEx and Oracle – that were previously reported in the 2013 Postseason Report.

Corporate Governance Program Overview

The New York City Comptroller, as investment adviser to the five New York City pension funds (collectively "the NYC Funds"), is responsible for voting the funds' domestic proxies and developing and implementing the funds' shareowner initiatives. The NYC Funds are:

- New York City Board of Education Retirement System (BERS)
- New York City Employees' Retirement System (NYCERS)
- New York City Fire Department Pension Fund (Fire)
- New York City Police Pension Fund (Police)
- New York City Teachers' Retirement System (TRS)

Consistent with the fiduciary obligations of the funds' boards of trustees, the proxy voting and shareowner initiatives programs actively promote sound corporate governance, responsible executive compensation and sustainable business practices at portfolio companies in order to protect and enhance the long-term value of the funds' investments.

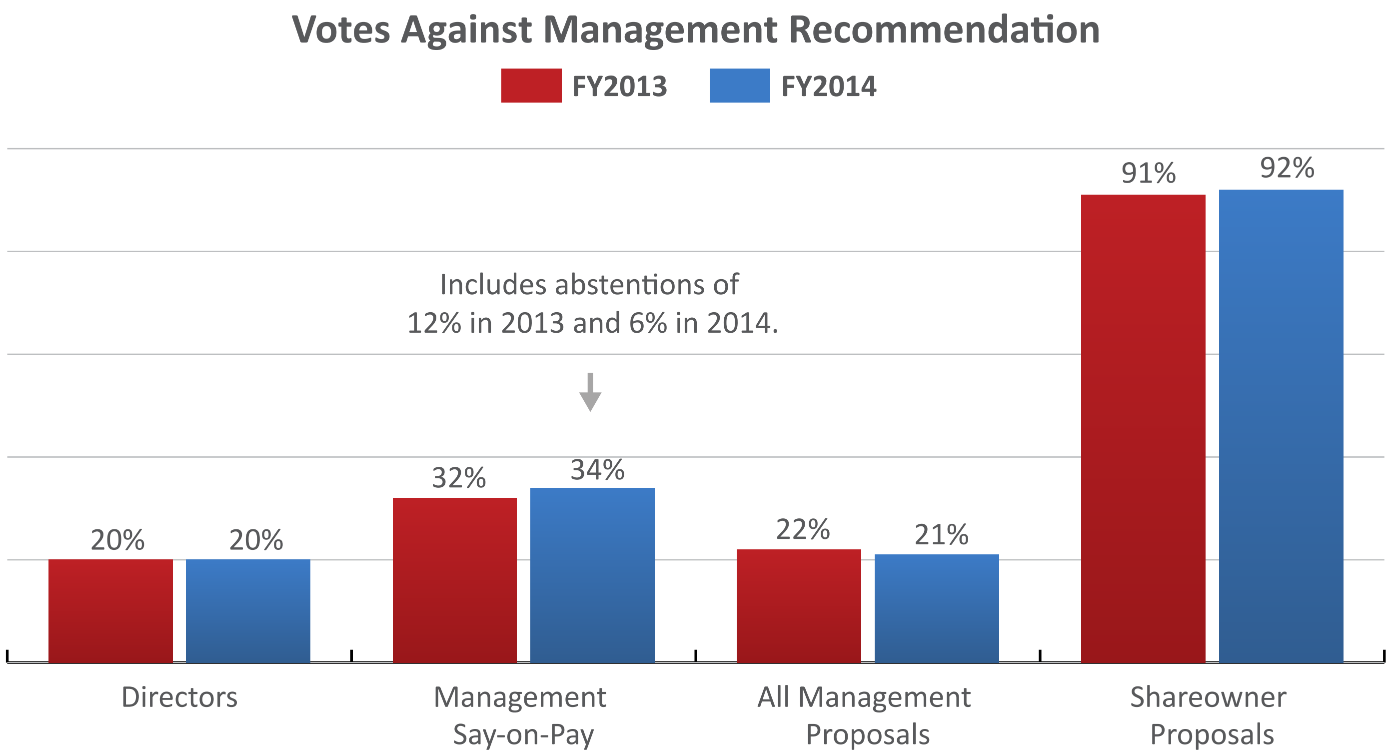
The Corporate Governance program of the New York City Comptroller's Office develops and implements the proxy voting and shareowner initiatives programs of the five funds, including engagement with management and directors at portfolio companies. Corporate Governance staff present the proposed programs to the Proxy Committee of each fund for review and approval. Each Proxy Committee acts on behalf of its respective Board of Trustees.

Proxy Voting

For the 12 months ending June 30, 2014, the Comptroller's Office voted on 30,970 individual ballot items at 3,475 annual and special meetings for portfolio companies. Major proxy voting issues included (a) the election of directors; (b) management proposals to ratify auditors and approve executive compensation, changes in corporate governance and mergers and acquisitions; and (c) shareowner proposals on a wide range of environmental, social and governance (ESG) policies and practices.

Of all votes cast, 78.4 percent were for the management-recommended vote, although the NYC Funds voted for most shareowner proposals despite management opposition. In accordance with the NYC Funds' proxy voting guidelines, the Comptroller's Office generally votes in favor of shareowner proposals to strengthen board of director independence and accountability, align executive pay with long-term performance, and promote transparent, sustainable and responsible business practices.

During fiscal 2014, these included, but were not limited to, shareowner proposals calling on companies to name an independent chair, eliminate accelerated vesting of equity awards for departing executives, adopt a board diversity policy, adopt greenhouse gas emissions goals, conduct a human rights risk assessment, and disclose corporate political and lobbying spending.



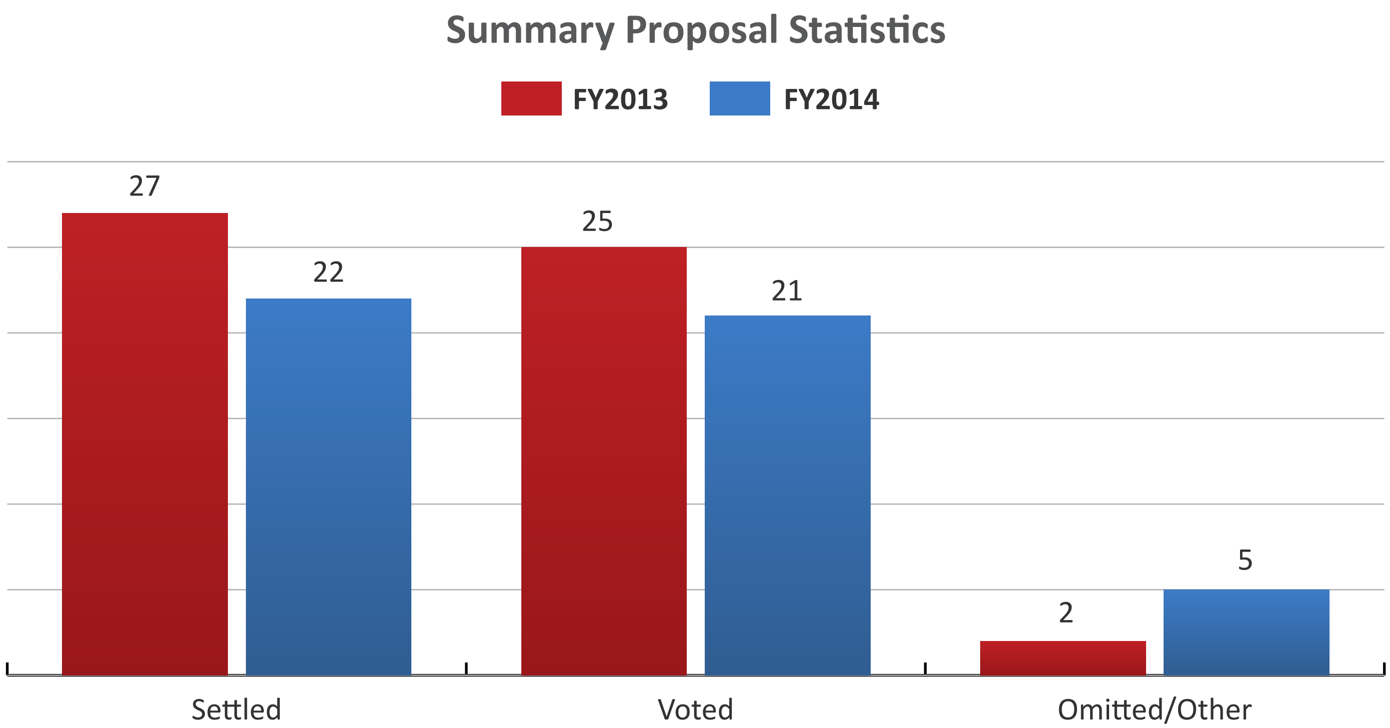
The NYC Funds also voted against, or abstained, on 34 percent of management's Say-on-Pay proposals in 2014, up from 32 percent in 2013. An abstain vote, which NYC Funds rarely cast on issues other than Say-on-Pay, generally indicates that (a) a company with pay-for-performance problems has recently disclosed changes to plan structure but it is too soon to assess their impact or (b) a company has reasonable pay levels but a number of problematic pay practices, such as discretionary bonuses or no stock ownership requirements.

Shareowner Initiatives

In addition to proxy voting, the NYC Funds also pro-actively advance reforms to strengthen corporate governance, align executive pay with long-term performance, and promote sustainable business practices at select companies in which they are shareowners. The NYC Funds are among the most active institutional investors in terms of filing shareowner proposals and also engaging with portfolio companies through letters and dialogue, often in collaboration with other institutional investors. Finally, in certain circumstances, the NYC Funds may publicly oppose the election of problem directors or other management-initiated proposals, such as "say-on-pay proposals," including by leading "vote no" campaigns or publicly supporting "vote no" efforts led by other shareowners.

2014 Shareowner Proposal Highlights

The NYC Funds had a productive 2014 proxy season, reaching negotiated agreements on 22, or 46 percent, of the 48 shareowner proposals filed with portfolio companies with annual meetings during the 12 months ending June 30, 2014. Excluding six proposals that proved moot, for example because the company was acquired or had a pre-existing policy that was not disclosed, the NYC funds settled 22 of 42 shareowner proposals, representing a 52 percent effective settlement rate. Two additional focus companies, Freeport-McMoran Copper & Gold and Equity Residential, acted in response to high votes on the proposals in 2013, obviating the need to re-submit proposals approved for 2014.



Responsive companies took steps to strengthen accountability, link executive compensation to performance and compliance, increase board diversity, disclose corporate political spending, and enhance the transparency and sustainability of their global supply chains, including with respect to human and worker rights. Among the highlights:

- **Allergan, Northrup Grumman** and **United Technologies** adopted clawback policies (a) empowering the board of directors to recoup compensation from executives responsible for misconduct that causes significant financial or reputational harm to the firm and (b) providing for the public disclosure of the circumstances of any compensation clawed back under the policy. **Halliburton, Lockheed Martin** and **PNC Financial Services**, amended existing clawback policies to provide for disclosure of clawbacks.

- **McKesson** agreed to adopt a proxy access bylaw providing substantial long-term shareowners (3 percent ownership, 3 years) the right to include director nominees in the corporate proxy. It is one of six major companies to agree to meaningful access.

- **US Steel** Corporation agreed to name an independent board chairman.
- **Jarden Corporation** and **Freeport-McMoran** named female directors and two other S&P 500 firms – **CF Industries** and **Microchip Technology** – will disclose that their boards consider diversity in identifying director candidates.
- **Exxon Mobil** agreed to provide increased disclosure of how it manages the environmental and community risks and impacts of its hydraulic fracturing operations. Specifically, the company will provide enhanced qualitative disclosure on its website on how it manages risks for 26 management practices in five areas that include chemicals, water and waste management, air emissions, community impact, and management and accountability.
- **Regions Financial** finally agreed to disclose its direct and indirect political spending, having received the NYC Funds' disclosure proposal every year since 2005.
- **Host Hotels & Resorts** and **Simon Property Group** agreed to prepare annual sustainability reports aligned with the Global Reporting Initiative framework or other internationally recognized standard. **Equity Residential** released its first sustainability report in December 2013 following high votes on the proposal in 2012 and 2013.
- **AMD, American Eagle Outfitters, IBM, Lexmark** and **Medtronic** agreed to encourage their significant global suppliers to issue annual sustainability reports – addressing workplace safety, human and worker rights, and environmental responsibility.
- **TECO Energy** agreed to amend its EEO-1 policy to prohibit workplace discrimination based on sexual orientation and gender identity after receiving the NYC Funds' sexual non-discrimination proposal for five consecutive years.

Three of the 19 proposals that went to a vote received majority support, and several other proposals received noteworthy support. Among the highlights:

- Proxy access proposals received majority votes at **Big Lots, Abercrombie & Fitch,** and **Nabors Industries** (3rd year in a row), and a 47 percent vote at **Kilroy Realty**, which announced before the vote that it would adopt proxy access with a higher (5 percent) ownership threshold than the 3 percent that requested in the proposal.
- Proposals on political spending disclosure received significant support at a number of companies, including **Cabot Oil & Gas** (44.7 percent), **PPL Corporation** (41.0 percent), and **DTE Energy Corporation** (34.1 percent).
- The sexual non-discrimination proposal submitted to **Leggett and Platt** for the seventh consecutive year received a 47.8 percent vote. In July 2014, shortly after the close of fiscal 2014, Leggett & Platt finally adopted the requested policy, prompted by President Obama's July 2014 executive order banning federal contractors from discriminating against employees based on sexual orientation and gender identity.

Other 2014 Shareowner Initiatives

In addition to submitting shareowner proposals, the NYC Funds led "vote no" campaigns at two companies, launched a supplier diversity initiative focused on 20 major companies, joined with a global group of major institutional investors to engage 45 of the world's largest fossil fuel companies on climate change-related business risks, and helped launch a working group to engage companies on their management of human capital, among other initiatives:

Apple – "Vote No" on Carl Icahn's $50 Billion Share Buyback Proposal

The NYC Funds helped to fend off a shareowner proposal by activist investor Carl Icahn that could have jeopardized Apple's long-term financial flexibility and value creation potential. In a February 10, 2014 letter to Apple shareowners, the NYC Funds warned that Mr. Icahn's proposal that Apple repurchase an additional $50 billion of stock by the end of September was short-sighted and unnecessary, particularly given that the board had already approved a plan to distribute $100 billion to shareowners and committed to consider additional distributions. Facing mounting opposition from New York City and other long-term shareowners, Mr. Icahn withdrew his proposal prior to Apple's February 28th annual meeting.

Duke Energy – Director "Vote No" Following Major Coal Ash Spill

The NYC Funds partnered with CalPERS to oppose the election of four Duke Energy directors for oversight failures in connection with a major coal ash spill in February 2014. The spill coated 70 miles of the Dan River in North Carolina with 39,000 tons of pollutants, prompting federal and state regulators to review potential violations of the Clean Water Act and federal prosecutors to open a criminal investigation into the relationship between the company and state environmental regulators.

The disaster exposed the inadequacy of the board's environmental and regulatory risk oversight leading up to the spill, when it was under pressure by environmental groups to move its coal ash ponds away from drinking water. The four directors, none of whom had expertise in coal, environmental management or environmental regulation, sat on the board committee that oversees the company's health, safety and environmental compliance, as well as well as its lobbying and political activities. While all four were re-elected at the company's May 1, 2014 annual meeting, the circumstances served as a wake-up call to investors regarding the need for relevant director expertise to oversee environmental risk management in the energy industry.

Supplier Diversity Initiative

In April 2014, the NYC Funds called on 20 large companies to disclose quantitative performance metrics on their supplier diversity programs. Ninety percent of S&P 100 firms have supplier diversity programs but less than half of them disclose data on program performance. Supplier diversity is generally defined as programs to purchase competitively priced goods and services from businesses owned by minorities, women, veterans and disabled individuals, among others.

The NYC Funds specifically asked each company to provide the requested disclosures on their web site or in a sustainability report by September 30, 2014, with annual reporting thereafter. To date, ten companies have provided written responses. Altria Group and United Technologies committed to provide enhanced quantitative disclosure, while other respondents generally described their internal tracking of performance data without committing to public disclosure.

Carbon Asset Risk Initiative

In September 2013, the NYC Funds joined an international group of 75 institutional investors, representing $3.5 trillion in assets, to launch the Carbon Asset Risk Initiative—a coordinated effort to spur 45 of the world's largest oil and gas, coal, and electric power companies to address the financial risks posed by climate change. The initiative is coordinated by Ceres and the Carbon Tracker Initiative (CTI), with support from the Global Investor Coalition on Climate Change.

According to CTI, the world's fossil fuel companies hold at least three times more proven reserves of oil, gas, and coal than can be burned to achieve the international goal of limiting global warming to below 2°C unless Carbon Capture and Storage technology becomes commercially viable. In their letters, the investor asked each company to assess both the risks to their undeveloped fossil fuel reserves due to lower fossil fuel demand as the world transitions to a low-carbon energy system – as well as the risks to their operations from climate change impacts.

During fiscal 2014, investors engaged at various levels with about two-thirds of the 45 companies that received the request; the Comptroller's Office actively participated in follow-up discussions with some of the companies. Most firms agree that climate change poses serious risks that warrant action by both governments and business, but argue that their undeveloped fossil fuel resources are not at risk of becoming stranded due to growing global demand for fossil fuels. Most avoided directly addressing the investors' specific request, but the discussions did advance disclosure and allow investors to better understand each firm's perspective and assumptions.

Among other noteworthy disclosures, ExxonMobil said climate change poses real risk and that it uses an $80 proxy price on carbon by 2040 for planning; Shell said it uses an oil price range of $70 to $110 and a carbon price of $40 per ton for planning; and FirstEnergy indicated that it intends to achieve emissions reductions consistent with the Obama Administration's goals.

Human Capital Management Working Group

During Fiscal Year 2014, the Comptroller's Office, on behalf of the NYC Funds, joined with a group of 16 large institutional investors with over $1.2 trillion in assets under management to form a Human Capital Management Working Group. Led by the UAW Retiree Medical Benefits Trust, the Group is focused on engaging companies on their approach to human capital management as a driver of long-term shareowner value, particularly in industries where the risks of poor human capital management practices may be especially high.

Human capital encompasses a broad range of practices, including but not limited to employee training and development, fair labor practices, health and safety, responsible contracting, and diversity, both with respect to the company's own domestic and international employees as well as the employees of vendors throughout the global supply chain.

In its first year, the Human Capital Management Working Group engaged seven companies in the retail sector with significant sourcing in higher-risk countries, such as Bangladesh. The Comptroller's Office participated in most of these engagements, in some cases in a lead role. Through its engagements, the Working Group has begun to identify key human capital metrics that are drivers of long-term shareowner value.

2014 Shareowner Proposal Summary Statistics

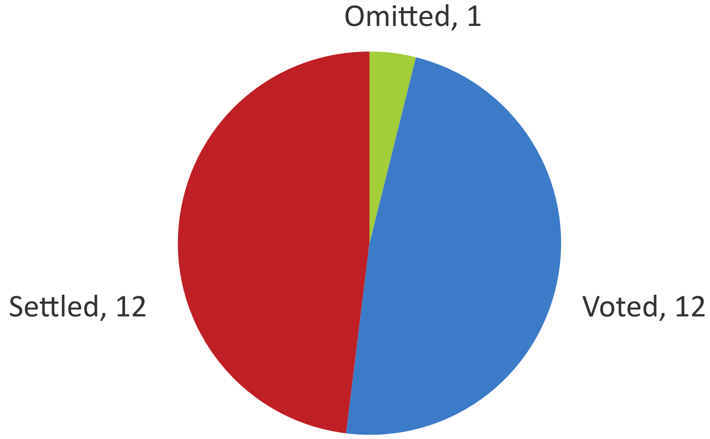
Issue By Category	Filed	Voted	Settled	Omitted	Other
Corporate Governance					
Independent Board Chair	7	6	1	--	--
Proxy Access	5	4	1	--	--
Diversity/Board of Directors	3	--	3	--	--
Executive Pay/Clawbacks	8	1	6	1	--
Executive Pay/Compliance Costs	1	--	1	--	--
Executive Pay/Multiple Metrics	1	1	--	--	--
Subtotal	**25**	**12**	**12**	**1**	**0**

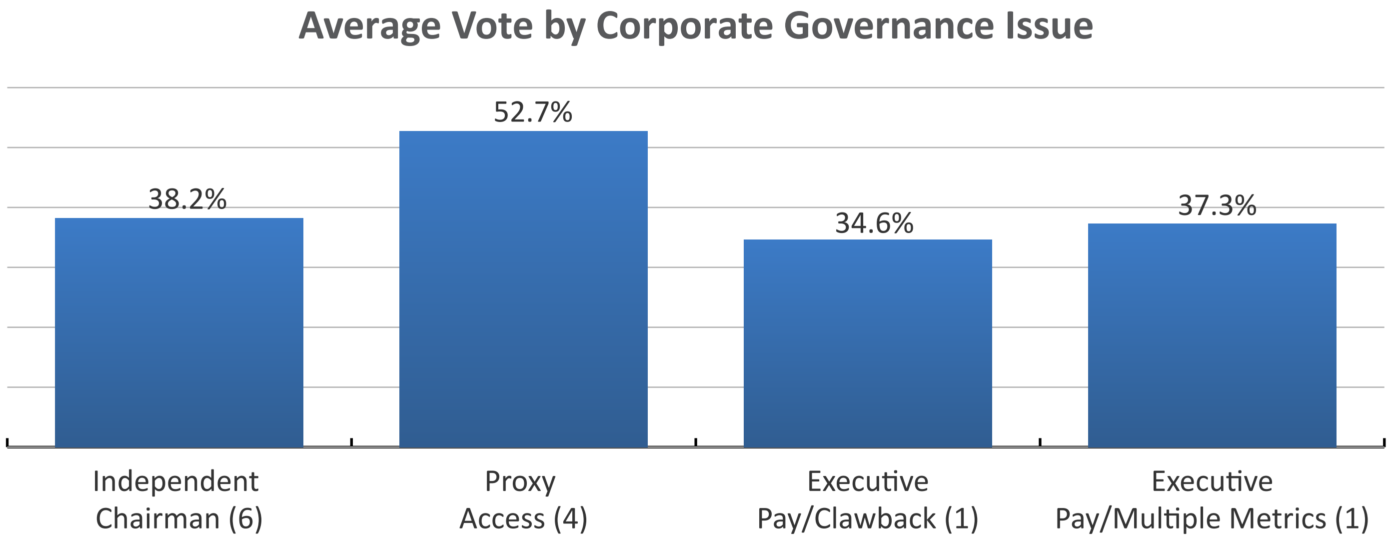
Environmental & Social Issues					
EEO-1 Report Disclosure	2	2	--	--	--
Sexual Orientation/Non-Discrimination	5	1	1	--	3
Political Spending Disclosure	7	6	1	--	--
Fracking Risk/Quantitative Metrics	1	--	1	--	--
Sustainability Reporting	3	--	2	--	1
Supply Chain Sustainability	5	--	5	--	--
Subtotal	**23**	**9**	**10**	**0**	**4**
Total	**48**	**21**	**22**	**1**	**4**

The Comptroller's Office generally, but not necessarily, files individual shareowner proposals on behalf of all five pension funds. For the year ending June 30, 2014, the only exception was at Charles Schwab, which received two proposals – on EEO-1 Reporting and on Political Disclosure – each from a separate group of pension funds (see below for details).

Corporate Governance Proposals

The Comptroller's Office withdrew 12 of the 25 corporate governance proposals after the companies agreed to adopt the requested reform either in whole or in part, or took steps to address the NYC Funds' underlying concerns. Generally, these successful engagements resulted in companies appointing more women to their boards and implementing stronger board diversity policies, adopting more robust executive compensation clawback policies, and strengthening board accountability by taking steps to separate the board chairman and CEO roles and implement proxy access. Of the eleven corporate governance proposals that went to a vote, three received majority support.





Independent Board Chairman

	FYE 6/30/12	FYE 6/30/13	FYE 6/30/14
Aetna Inc.	--	33.3%	26.4%
Consol Energy		--	40.4%
Mylan, Inc.	35.5%	41.6%	35.0%
NetFlix, Inc.	--	73.4%	46.8%
The Southern Company		--	33.9%
Urban Outfitters, Inc.	--	38.9%	46.6%
US Steel Corporation	--	--	Settled

The NYC Funds submitted proposals calling for an independent board chair to seven companies. As the proposals noted, shareowners are best served when a CEO runs the business on one hand and reports to an independently-led board on the other. The role of the board is to oversee the CEO. An irresolvable conflict of interest arises when these roles are reversed – i.e. when the CEO (or another insider) chairs the board to which he or she reports.

U.S. Steel was facing the imminent retirement of its Chairman and CEO when the NYC Funds initiated the engagement, first with a letter in advance of a dialogue with the chair of the board's corporate governance committee hosted by the Council of Institutional Investors and subsequently with a shareowner proposal. The Comptroller's Office later withdrew the proposal when director David S. Sutherland was appointed independent chair effective January 1, 2014.

The proposal went to a vote at the other six firms. At **Netflix**, the proposal received 46.8 percent support. While down from a record 73.4 percent in 2013 -- likely due to the strong rebound in the company's share price following some poor and costly strategic pricing decisions in 2013 -- this year's support totaled an estimated 52.2 percent of votes cast by non-insiders, reflecting outside shareowners' ongoing concerns with the company's board leadership structure.

The proposal also received above average support of 46.6 percent at **Urban Outfitters**; it was the second consecutive year the proposal received majority support from independent shareowners when insider ownership is removed. The vote reflects investor concerns with the lack of majority independence of the board, its preponderance of long-tenured directors, and the fact that the CEO's wife was appointed to the board in response to a shareowner proposal on board diversity.

At **Consol Energy**, the proposal received a strong 40.4 percent support despite the company's decision shortly before the annual meeting to name a separate, but not independent, board chair.

Overall, independent board chair was the most frequent corporate governance shareowner proposal filed in 2014, according to ISS, with 58 proposals filed. While average support has hovered in the low- to mid-30 percent range, boards are nevertheless getting the message. In PricewaterhouseCoopers's 2013 Annual Corporate Directors Survey, half of the companies that have a combined chair and CEO reported they were considering separating the two positions at the next CEO succession. The next step for shareowners is to push to counter the trend of appointing non-independent or executive chairs.

Shareowner Access to the Proxy to Nominate Directors

	FYE 6/30/12	FYE 6/30/13	FYE 6/30/14
Abercrombie & Fitch Co.[1]		--	55.2%
Big Lots, Inc.[2]		--	56.8%
Kilroy Realty[2]		--	47.0%
McKesson Corp.		--	Settled
Nabors Industries[1]	56.2%	52.1%	51.8%

[1]Co-sponsored by the Connecticut Retirement Plans and Trust Funds and the City of Philadelphia.
[2]Co-sponsored by the City of Philadelphia.

The NYC Funds submitted proposals to five companies requesting that they amend their bylaws to make it easier for substantial, long-term shareowners to nominate and elect directors, prompting Pension & Investments (7/7/2014) to report that, "Among the shareholder access proposals this year, the New York City funds have been the leader in such filings."

The specific proposal terms requested by the NYC Funds' proposals mirrored those in the universal proxy access rule adopted by the SEC in 2010 that was later successfully challenged in a federal appellate court: a shareowner or group of shareowners holding at least three percent of the stock for three years to nominate up to 25 percent of the board and place the names on the corporate ballot. Significantly, most of the proposals based on these thresholds received majority support in 2014.

The Comptroller's Office withdrew the proposal at **McKesson** after the company committed to propose a bylaw amendment at its 2015 annual meeting in order to implement the proposal. The bylaw, if approved, would allow a shareowner or group of shareowners holding at least three percent of the stock for three years to nominate up to 20 percent of the board and place the names on the company's ballot. McKesson is the sixth company to agree to provide meaningful proxy access to a three percent shareowner or shareowner group.

The proposal received majority support at three of the four companies at which it went to a vote: **Abercrombie & Fitch**, **Big Lots** and **Nabors Industries**. It was the third consecutive majority vote at Nabors, which had sought to undercut the vote by adopting a limited proxy access "policy" that bears scant resemblance to the bylaw repeatedly endorsed by the majority of shares cast.

As in years past, Nabors included broker non-votes as votes against the NYC Funds' proposal, and as a result reported that it received just 48.3 percent of the vote and failed to obtain majority support. Significantly, a shareholder proposal by CalPERS that called on the board to eliminate this unusual and problematic vote counting practice also received majority support at Nabors' 2014 annual meeting.

Finally, **Kilroy Realty** announced shortly before its annual meeting that it would propose a proxy access bylaw in 2015 that would grant proxy access to a five percent shareowner or group. While the announcement likely prompted some shareowners to vote against the NYC Funds' proposal, the fact that it still received 47 percent support indicates that a near majority of shareowners agree that the five percent threshold is too high.

Board Diversity

	FYE 6/30/13	FYE 6/30/14
CF Industries[1]	50.7%	Settled
Freeport-McMoran Copper & Gold	28.9%	Not filed
Jarden Corporation[2]	--	Settled
Microchip Technology Incorporated	--	Settled

[1]Co-sponsored by the Connecticut Retirement Plans and Trust Funds.
[2]Sponsored jointly with Mercy Investment Services as co-leads.

The NYC Funds achieved productive outcomes with all four companies targeted for board diversity proposals in 2014 because they had few, if any, female or minority directors. Among other provisions, the proposals requested a policy requiring each nominating committee to include women and minority candidates in the pool from which board nominees are chosen and to include nominees from both non-executive corporate positions and non-traditional environments such government, academia, and non-profit organizations.

Jarden Corporation and **Freeport-McMoran** named women to their boards. Freeport-McMoran's December 2013 announcement that it had added two female directors followed a 29 percent vote on the NYC Funds' board diversity proposal at the company's May 2013 annual meeting and pre-empted the need to resubmit the proposal for 2014. Jarden also adopted a policy on board diversity, as did **CF Industries**, at which the board diversity proposal received a majority vote in 2013.

Finally, **Microchip Technology**, which named its first female director last fall (after it had been added to the focus list, but before the proposal was submitted), agreed to modify its proxy statement to reflect the board will consider ethnicity and gender, among other characteristics of diversity, in identifying and evaluating director nominees.

Executive Compensation – Clawbacks and Compliance

	FYE 6/30/12	FYE 6/30/13	FYE 6/30/14
Allergan[1]		--	Settled
BB&T		--	34.6%
Boeing		--	Omitted
Halliburton		--	Settled
Lockheed Martin		--	Settled
Northrop Grumman		--	Settled
PNC Financial Services[3]		--	Settled
United Technologies		--	Settled
Abbott Laboratories[1,2]	34.5%	39.1%	Settled

[1]Co-sponsored by the Connecticut Retirement Plans and Trust Funds, F&C Asset Management, New York State Common Retirement Fund and the UAW Retiree Medical Benefits Trust.
[2]Company-specific proposal addressing compliance costs and compensation, not clawbacks.
[3]Co-sponsored by the UAW Retiree Medical Benefits Trust.

The NYC Funds submitted proposals to nine companies seeking to both increase financial accountability for senior executives and encourage more effective legal and regulatory compliance. The two financial services firms, five aerospace and defense companies, and two pharmaceutical companies have all paid costly fines in recent years to settle allegations of deceptive or improper business practices. Most of the proposals focused on strengthening compensation "clawback" policies, but one (Abbott Laboratories) addressed the treatment of compliance costs when determining incentive compensation.

In response to the clawback proposals, six companies -- **Allergan**, **Halliburton**, **Lockheed Martin**, **Northrop Grumman**, **PNC** and **United Technologies** -- adopted strong policy language regarding disclosure of clawback actions taken. While the specific policies vary, each firm will disclose the general circumstances of any clawback under the policy so long as the underlying event is public.

Allergan, Northrup Grumman and United Technologies also empowered their boards to claw back incentive pay from executives responsible for misconduct that causes significant financial or reputational harm to the company, either through their actions or through a failure to supervise others. Previously, the boards could generally only claw back pay in the case of intentional or gross misconduct, a high threshold, or in the event of a financial restatement.

Finally, the proposal went to a vote at **BB&T** and received 34.6 percent of votes cast. It was the first time that one of the NYC Funds' clawback proposals went to a vote.

This is the third consecutive year the NYC Funds have submitted clawback proposals requesting policies that (a) empower the board to claw back incentive compensation from executives responsible for costly misconduct and (b) require disclosure of the circumstances of any recoupment. While these efforts have had considerable success expanding boards' clawback authority, this is the first year that a significant number of companies also committed to disclose actual clawbacks.

In a related initiative, the NYC Funds re-submitted a proposal to prohibit the board of pharmaceutical giant **Abbott Laboratories** from excluding compliance costs when evaluating financial performance for purposes of determining incentive compensation for senior executives. In 2010, the company adjusted net earnings by six cents per share, for the purposes of determining executive bonuses, to exclude the costs of a product recall and drug withdrawal. The NYC Funds withdrew the proposal after the board adopted a new clawback policy, which provides an alternative, and potentially superior, mechanism to address the underlying concerns regarding the link between executive compensation and compliance.

Executive Compensation – Multiple Performance Metrics

	FYE 6/30/13	FYE 6/30/14
Oracle[1]	31.8%	37.3%

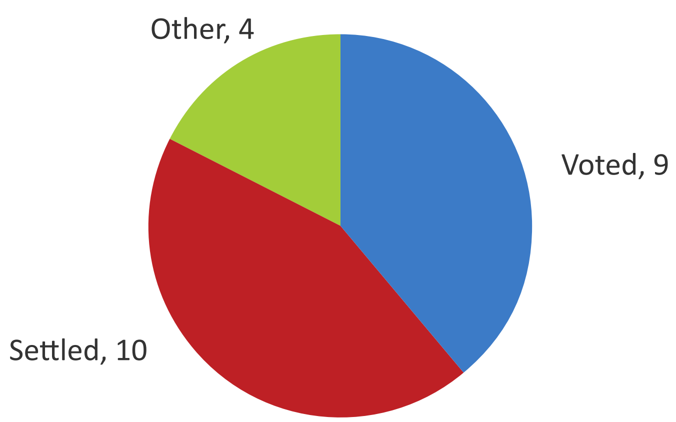
[1]Fiscal 2014 results are for Oracle's fall 2013 annual meeting.

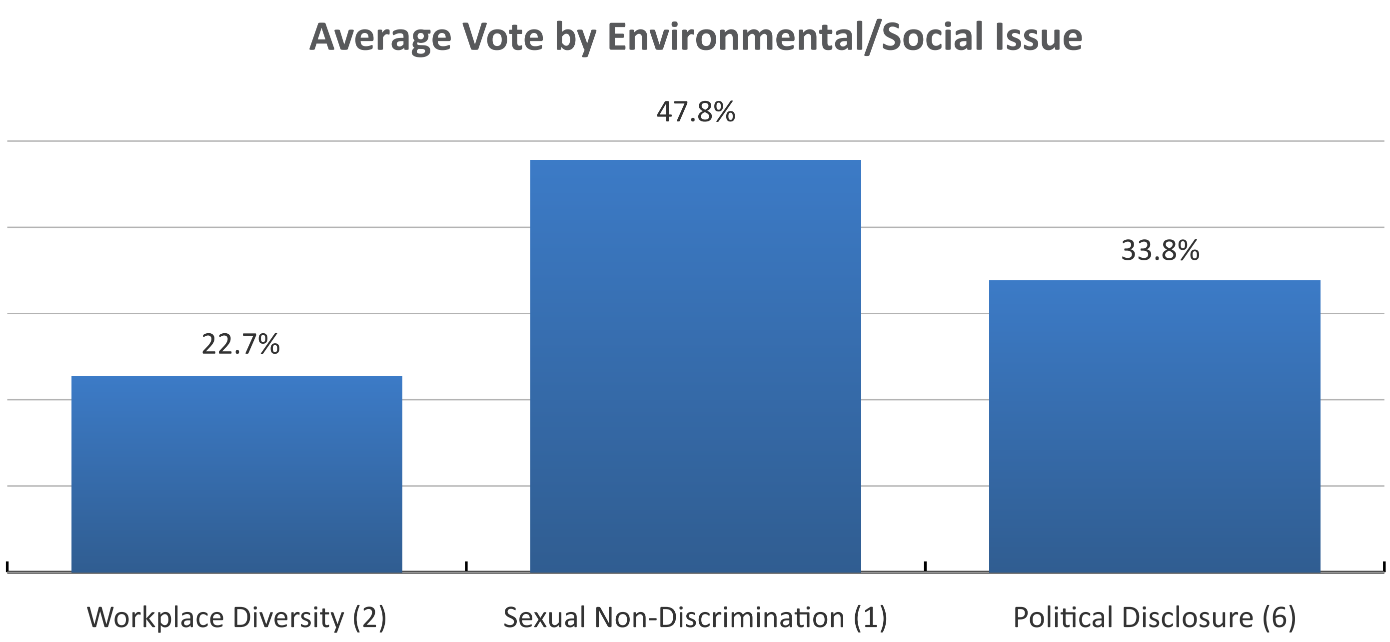
The NYC Funds re-submitted a proposal for Oracle's fall 2013 annual meeting (which took place during the NYC Funds' fiscal 2014) requesting that the compensation committee, in setting performance measures for top executives, include multiple weighted metrics that reflect both individual and business accomplishments over an established multiyear period. Oracle CEO Larry Ellison is consistently among the highest paid CEOs despite lackluster company performance; in 2013, he received total compensation of $78.4 million, including $76.9 million in stock options.

The proposal received 37.3 percent of votes cast, and a majority of votes cast by independent shareowners (i.e. excluding insiders). In addition, Oracle shareowners cast a 56.9 percent vote against management's say-on-pay proposal, reflecting widespread investor concerns with Mr. Ellison's clearly excessive pay relative to performance. The NYC Funds re-submitted their proposal for Oracle's fall 2014 annual meeting, at which it recieved 27 percent support; these results will be reported and tabulated in the fiscal 2015 Postseason Report.

Environmental and Social Issue Proposals

The Comptroller's Office settled and withdrew 10 of the NYC Funds' 23 environmental and social proposals after the companies agreed to adopt the requested reform, either in whole or in part. Nine proposals went to a vote and one proposal, at Crosstex Energy, was not voted because the company was acquired by Devon Energy.





Workplace Diversity/EEO-1 Report Disclosure

	FYE 6/30/14
American Express	25.1%
Charles Schwab Corporation[1]	20.3%

[1]Sponsored by BERS, NYCERS and Police.

In 2014 the NYC Funds continued to submit proposals to major financial services firms requesting that they annually disclose workforce diversity data based on the EEO-1 report that each company is required to file with the U.S. Equal Employment Opportunity Commission. The financial services industry is characterized by pervasive and persistent underrepresentation of women and minorities, especially in senior positions.

Companies often cite their commitment to diversity and describe their various efforts to recruit, retain, and promote minorities and women. Disclosure of the EEO report data, which details the composition of the company's workforce by race and gender across employment categories, including senior management, would allow shareowners to evaluate and benchmark the effectiveness of these efforts.

Charles Schwab was unsuccessful in its attempt to obtain a no action letter from the SEC that would have allowed it to exclude the proposal, and the proposal received a 20.3 percent vote. The proposal at **American Express** received a 25.1 percent vote. Both companies' resistance to disclosure contrasts with the five financial services firms that agreed to the NYC Funds' disclosure request in 2012 and 2013.

Sexual Non-Discrimination – Sexual Orientation/Gender Identity

	FYE 6/30/12	FYE 6/30/13	FYE 6/30/14
Crosstex Energy, Inc.	37.8%	15.6%	Acquired
First Energy Corp.	--	--	Other
J.M. Smucker Co.	--	--	Other
Leggett & Platt, Inc.	42.4%	43.8%	[1]47.8%
TECO Energy, Inc.	27.5%	23.7%	Settled

[1]Company adopted sexual non-discrimination policy in July 2014, subsequent end of Fiscal 2014.

The NYC Funds filed proposals at five companies requesting that they expand their Equal Employment Opportunity (EEO) policies to prohibit discrimination based on sexual orientation and gender identity.

At **TECO Energy**, which had received the proposal every year since 2010, the company finally agreed to revise its EEO policy as requested. At **Leggett & Platt**, which had received the proposal every year since 2008, the proposal once again went to a vote and received an impressive 47.8 percent support. Leggett & Platt subsequently adopted the policy long requested by the NYC Funds' proposal, prompted according to the company by President Obama's July 2014 executive order banning federal contractors from discriminating against employees based on sexual orientation and gender identity.

First-time proposals were withdrawn at **First Energy**, which already had a sexual non-discrimination policy in place that was not publicly disclosed, and **J. M. Smucker**, which adopted a policy immediately prior to the NYC Funds' filing. Finally, the proposal submitted to **Crosstex Energy**, did not go to a vote due to its recent acquisition by Devon Energy.

Strong sexual non-discrimination policies help to ensure that all employees are treated equally and result in a broader, more competitive pool of candidates for jobs. Twenty states, the District of Columbia, and more than 160 cities and counties have laws prohibiting employment discrimination based on sexual orientation; twelve states and the District of Columbia have laws prohibiting employment discrimination based on sexual orientation and gender Identity. The executive order noted above now also bans discrimination based on sexual orientation and gender Identity by all federal contractors.

Political Spending Disclosure

	FYE 6/30/12	FYE 6/30/13	FYE 6/30/14
Ameriprise Financial Inc.[1]	--	--	31.3%
Cabot Oil & Gas	--	--	44.7%
Charles Schwab Corporation[2]	23.5%	25.3%	26.6%
DTE Energy Company	28.7%	30.1%	34.1%
FedEx[3]	27.7%	25.5%	25.4%
PPL Corporation	--	38.6%	41.0%
Regions Financial Corporation	38.2%	36.9%	Settled

[1]Ameriprise listed the Systems other than BERS as proponents in its proxy statement, but refused to list BERS, citing submission requirements that the Comptroller's Office believes are invalid but did not challenge."
[2]Sponsored by Fire and TRS.
[3]Because FedEx holds its annual meeting in the fall, its 2013 meeting took place during the City's fiscal 2014.

The NYC Funds submitted proposals to seven companies calling for public disclosure of direct and indirect corporate political spending. Overall, investors submitted 140 proposals on corporate political and lobbying activity in 2014, making it once again the single most popular proposal area. The most common and most successful proposals (based on voting support) called for disclosure of direct and indirect political spending (49 proposals), similar the NYC Funds' proposal, or direct and indirect lobbying expenditures (49 proposals).

After receiving the proposal every year since 2005, **Regions Financial** finally agreed to adopt a policy that requires annual disclosure of all direct and indirect political spending, including the non-deductible portion of payments to trade associations and coalitions to which it pays more than $25,000 in annual payments and dues. The agreement marks significant progress at a company that had perennially disregarded calls for broader political disclosure and accountability.

The proposal went to a vote at the other five companies. One of the companies, **Cabot Oil & Gas**, did make some changes in response to the first-time proposal, including enhancing its policy language and agreeing to disclose the aggregate non-deductible portion of payments to trade associations. Because the company was unwilling to adopt more comprehensive disclosure, the proposal went to a vote and received a 44.7 percent vote, demonstrating strong shareowner interest in more robust disclosure.

Note: The above 2014 result for **FedEx**, which is from the company's fall 2013, was previously reported in the NYC Funds' 2013 Postseason Report, which was prepared on a calendar year basis. The proposal was re-submitted for FedEx's fall 2014 meeting, at which it received 27.8 percent support; these results will be reported and tabulated in the fiscal 2015 Postseason Report.

Hydraulic Fracturing/Quantitative Risk Disclosure

	FYE 6/30/13	FYE 6/30/14
Exxon Mobil Corporation[1]	30.2%	Settled

[1]Sponsored jointly with As You Sow as co-leads; numerous co-filers.

The NYC Funds again filed a shareowner proposal calling on **Exxon Mobil** to release quantitative data on its efforts to safeguard the public and the environment from its hydraulic fracturing ("fracking") operations. Extracting oil and gas from shale formations using horizontal drilling and hydraulic fracturing technology has become a controversial public issue. Leaks, spills, explosions and community impacts have led to bans and moratoria in New York and other states, and around the globe, putting the industry's social license to operate at risk.

Measurement and disclosure of best management practices and impacts is the primary means by which investors can gauge how companies are managing the risks and rewards of their operations. The Department of Energy's Shale Gas Production Subcommittee recommended in 2011 that companies "adopt a more visible commitment to using quantitative measures as a means of achieving best practice and demonstrating to the public that there is continuous improvement in reducing the environmental impact of shale gas production."

After receiving 30.2 percent support in 2013, the NYC Funds and As You Sow negotiated a settlement with Exxon this year. Exxon agreed to increase disclosure about how it manages the environmental and community risks associated with its hydraulic fracturing operations. It will provide enhanced qualitative disclosure on its website on how it manages risks for 26 management practices in five areas that include chemicals, water and waste management, air emissions, community impact, and management and accountability. Shareowners will continue to work with the company to move towards more quantitative disclosures. Exxon joins a growing list of companies agreeing to provide more information on how they are managing the impact of their hydraulic fracturing operations.

Sustainability Reporting

	FYE 6/30/12	FYE 6/30/13	FYE 6/30/14
Equity Residential	45.1%	42.0%	[1]Adopted
Health Care REIT, Inc.[2]	--	--	Other
Host Hotels & Resorts	--	--	Settled
Simon Property Group	--	--	Settled

[1]Company acted in response to high votes in 2012 and 2013, obviating the need to re-submit proposal for 2014.
[2]Co-sponsored by the UAW Retiree Medical Benefits Trust.

The NYC Funds filed proposals at three real estate investment trusts (REITs) requesting that their respective boards publish an annual sustainability report using the Global Report Initiative (GRI) framework. The GRI is considered the gold standard for sustainability reporting and encompasses direct economic impact, environmental practices, labor practices, work conditions, human rights and social and product responsibility to the extent applicable to a particular company's operations. Given the nature of the firms' real estate business, the NYC Funds' proposal specifically requested disclosures relating to greenhouse gas emissions, water conversation, waste minimization, energy efficiency, and other environmental and social impacts the board deems relevant to the company's business.

Simon Property Group agreed to issue a sustainability report and to consider use of an internationally recognized standard such as the GRI. **Host Hotel & Resorts**, which currently issues a sustainability report, agreed to conduct a gap analysis to align future reports with the GRI framework.

A third REIT, **Equity Residential**, released its first Corporate Social Responsibility and Sustainability Report in December 2013, following high votes on the NYC Funds' proposal in 2012 and 2013. While the report includes some useful information, it was not prepared using the GRI guidelines or another internationally-recognized standard and omits key information, such as greenhouse gas emissions. Despite these concerns, which the company has the opportunity to address in future reports, the Comptroller's Office concluded that it would not be productive to re-submit the proposal for 2014.

Finally, the proposal to **Health Care REIT** was withdrawn because the company had issued a sustainability report two weeks prior to the NYC Funds' submission.

Supplier Sustainability Reporting

	FYE 6/30/14
Advanced Micro Devices	Settled
American Eagle Outfitters	Settled
IBM	Settled
Lexmark International	Settled
Medtronic	Settled

The NYC Funds filed, and successfully settled, proposals at five companies asking that the companies require their significant suppliers to publish independently verifiable sustainability reports addressing workplace safety, human and worker rights, and environmental compliance using internationally recognized standards and measurement protocols.

AMD, American Eagle Outfitters, **IBM**, and **Lexmark International** will encourage and incentivize their suppliers to use the Global Reporting Initiative (GRI) framework, while **Medtronic** agreed to consider additional incentives for suppliers to use the GRI framework in the future. The companies also agreed to report on their suppliers' sustainability reporting in the companies' sustainability reports and/or on their websites.

While reporting varies among the companies, they all agreed to provide information on the percent of their critical suppliers that publish sustainability data. IBM also agreed to provide hyperlinks to its listed suppliers' websites that provide this information (which went live in August 2014). The companies already provide training on sustainability issues, but some agreed to provide additional aid to suppliers with their sustainability reporting, especially where compliance issues arise.

Since launching their supplier sustainability reporting initiative in the 2011 proxy season, the NYC Funds' have reached agreements with 17 major technology firms and apparel retailers. This trend in reporting reflects growing awareness that the supply chain presents one of the biggest sources of risk, especially in the areas of worker and human rights and the environment, and that effective supply chain risk management requires robust measurement, transparency, monitoring and management.

2014 Shareowner Proposal Results by Issue

Company	Issue/Proposal	FYE 6/30/12	FYE 6/30/13	FYE 6/30/14
Aetna, Inc.	Independent Board Chair	--	33.3%	26.4%
Consol Energy	Independent Board Chair	--	--	40.4%
Mylan, Inc.	Independent Board Chair	35.5%	41.6%	35.0%
NetFlix, Inc.	Independent Board Chair	--	73.4%	46.8%
The Southern Company	Independent Board Chair	--	--	33.9%
Urban Outfitters, Inc.	Independent Board Chair	--	38.9%	46.6%
US Steel Corporation	Independent Board Chair	--	--	Settled
Abercrombie & Fitch Co.	Proxy Access	--	--	55.2%
Big Lots, Inc.	Proxy Access	--	--	56.8%
Kilroy Realty	Proxy Access	--	--	47.0%
McKesson Corp.	Proxy Access	--	--	Settled
Nabors Industries Ltd.	Proxy Access	56.2%	52.1%	51.8%
CF Industries	Diversity/Board of Directors	--	50.7%	Settled
Freeport-McMoRan Copper & Gold	Diversity/Board of Directors	--	28.9%	Not filed
Jarden Corporation	Diversity/Board of Directors	--	--	Settled
Microchip Technology Incorporated	Diversity/Board of Directors	--	--	Settled
Allergan	Executive Pay/Clawback	--	--	Settled
BB&T	Executive Pay/Clawback	--	--	34.6%
Boeing	Executive Pay/Clawback	--	--	Omitted
Halliburton	Executive Pay/Clawback	--	--	Settled
Lockheed Martin	Executive Pay/Clawback	--	--	Settled
Northrop Grumman	Executive Pay/Clawback	--	--	Settled
PNC Financial Services	Executive Pay/Clawback	--	--	Settled
United Technologies	Executive Pay/Clawback	--	--	Settled
Abbott Laboratories	Executive Pay/Compliance Costs	34.5%	39.1%	Settled
Oracle	Executive Pay/Multiple Metrics	--	31.8%	37.3%
American Express	Diversity - EEO-1 Report Disclosure	--	--	25.1%
Charles Schwab Corporation	Diversity - EEO-1 Report Disclosure	--	--	20.3%
Crosstex Energy, Inc.	Sexual Non-Discrimination	37.8%	15.6%	Acquired
First Energy Corp.	Sexual Non-Discrimination	--	--	Other
J.M. Smucker Co.	Sexual Non-Discrimination	--	--	Other

2014 Shareowner Proposal Results by Issue (continued)

Company	Issue/Proposal	FYE 6/30/12	FYE 6/30/13	FYE 6/30/14
Leggett & Platt, Inc.	Sexual Non-Discrimination	42.4%	43.8%	47.8%
TECO Energy, Inc.	Sexual Non-Discrimination	27.5%	23.7%	Settled
Ameriprise Financial Inc.	Political Spending Disclosure	--	--	31.3%
Cabot Oil & Gas	Political Spending Disclosure	--	--	44.7%
Charles Schwab Corporation	Political Spending Disclosure	23.5%	25.3%	26.6%
DTE Energy Company	Political Spending Disclosure	28.7%	30.1%	34.1%
FedEx	Political Spending Disclosure	27.7%	25.5%	25.4%
PPL Corporation	Political Spending Disclosure	--	38.6%	41.0%
Regions Financial Corporation	Political Spending Disclosure	38.2%	36.9%	Settled
Exxon Mobil Corporation	Fracking Risk/Quantitative Metrics	--	30.2%	Settled
Equity Residential	Sustainability Reporting	45.0%	42.0%	Not filed
Health Care REIT, Inc.	Sustainability Reporting	--	--	Other
Host Hotels & Resorts	Sustainability Reporting	--	--	Settled
Simon Property Group	Sustainability Reporting	--	--	Settled
Advanced Micro Devices	Supplier Sustainability Reporting	--	--	Settled
American Eagle Outfitters	Supplier Sustainability Reporting	--	--	Settled
IBM	Supplier Sustainability Reporting	--	--	Settled
Lexmark International	Supplier Sustainability Reporting	--	--	Settled
Medtronic	Supplier Sustainability Reporting	--	--	Settled

2014 Shareowner Proposal Results by Company

Company	Issue/Proposal	FYE 6/30/12	FYE 6/30/13	FYE 6/30/14
Abbott Laboratories	Executive Pay/Compliance Costs	34.5%	39.1%	Settled
Abercrombie & Fitch Co.	Proxy Access	--	--	55.2%
Advanced Micro Devices	Supplier Sustainability Reporting	--	--	Settled
Aetna Inc.	Independent Board Chair	--	33.3%	26.4%
Allergan	Executive Pay/Clawback	--	--	Settled
American Eagle Outfitters	Supplier Sustainability Reporting	--	--	Settled
American Express	Diversity - EEO-1 Report Disclosure	--	--	25.1%
Ameriprise Financial Inc.	Political Spending Disclosure	--	--	31.3%
BB&T	Executive Pay/Clawback	--	--	34.6%
Big Lots, Inc.	Proxy Access	--	--	56.8%
Boeing	Executive Pay/Clawback	--	--	Omitted
Cabot Oil & Gas	Political Spending Disclosure	--	--	44.7%
CF Industries	Diversity/Board of Directors	--	50.7%	Settled
Charles Schwab Corporation	Diversity - EEO-1 Report Disclosure	--	--	20.3%
Charles Schwab Corporation	Political Spending Disclosure	23.5%	25.3%	26.6%
Consol Energy	Independent Board Chair	--	--	40.4%
Crosstex Energy, Inc.	Sexual Non-Discrimination	37.8%	15.6%	Acquired
DTE Energy Company	Political Spending Disclosure	28.7%	30.1%	34.1%
Equity Residential	Sustainability Reporting	45.0%	42.0%	Not filed
Exxon Mobil Corporation	Fracking Risk/Quantitative Metrics	--	30.2%	Settled
FedEx	Political Spending Disclosure	27.7%	25.5%	25.4%
First Energy Corp.	Sexual Non-Discrimination	--	--	Other
Freeport-McMoRan Copper & Gold	Diversity/Board of Directors	--	28.9%	Not filed
Halliburton	Executive Pay/Clawback	--	--	Settled
Health Care REIT, Inc.	Sustainability Reporting	--	--	Other
Host Hotels & Resorts	Sustainability Reporting	--	--	Settled
IBM	Supplier Sustainability Reporting	--	--	Settled
J.M. Smucker Co.	Sexual Non-Discrimination	--	--	Other
Jarden Corporation	Diversity/Board of Directors	--	--	Settled
Kilroy Realty	Proxy Access	--	--	47.0%
Leggett & Platt, Inc.	Sexual Non-Discrimination	42.4%	43.8%	47.8%

2014 Shareowner Proposal Results by Company (continued)

Company	Issue/Proposal	FYE 6/30/12	FYE 6/30/13	FYE 6/30/14
Lexmark International	Supplier Sustainability Reporting	--	--	Settled
Lockheed Martin	Executive Pay/Clawback	--	--	Settled
McKesson Corp.	Proxy Access	--	--	Settled
Medtronic	Supplier Sustainability Reporting	--	--	Settled
Microchip Technology Incorporated	Diversity/Board of Directors	--	--	Settled
Mylan, Inc.	Independent Board Chair	35.5%	41.6%	35.0%
Nabors Industries Ltd.	Proxy Access	56.2%	52.1%	51.8%
NetFlix, Inc.	Independent Board Chair	--	73.4%	46.8%
Northrop Grumman	Executive Pay/Clawback	--	--	Settled
Oracle	Executive Pay/Multiple Metrics	--	31.8%	37.3%
PNC Financial Services	Executive Pay/Clawback	--	--	Settled
PPL Corporation	Political Spending Disclosure	--	38.6%	41.0%
Regions Financial Corporation	Political Spending Disclosure	38.2%	36.9%	Settled
Simon Property Group	Sustainability Reporting	--	--	Settled
TECO Energy, Inc.	Sexual Non-Discrimination	27.5%	23.7%	Settled
The Southern Company	Independent Board Chair	--	--	33.9%
United Technologies	Executive Pay/Clawback	--	--	Settled
Urban Outfitters, Inc.	Independent Board Chair	--	38.9%	46.6%
US Steel Corporation	Independent Board Chair	--	--	Settled

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