



LongView Funds

Shareholder Activities for 2009

Amalgamated Bank's LongView Funds were launched in 1992 with the belief that solid corporate governance practices will promote market stability and enhance long-term shareholder value. Amalgamated Bank therefore actively engages the companies in which the LongView Funds invest, rigorously reviewing and voting each proxy and urging improved corporate accountability through dialogue and shareholder resolutions.

The LongView Funds filed 30 shareholder resolutions targeting key governance reforms at select companies during the year ending June 30, 2009. Continuing a trend from recent years, numerous companies meaningfully responded to our resolutions by adopting improved governance policies and practices. As a result, about half of our resolutions were withdrawn before being voted at annual shareholder meetings. This report presents a brief summary of LongView's activity during the recent shareholder season.

Executive Compensation

The LongView Funds believe that executive compensation should be firmly aligned with a firm's performance. During the 2009 shareholder, LongView spearheaded a new initiative to curtail companies from agreeing to pay executives exorbitant awards and bonuses upon death. In our view, these "golden coffin" payments have no basis in the firm's performance and constitute an unnecessary expense to shareholders when shareholders receive no services in return. LongView filed five resolutions at companies including **Johnson Controls**, **Nabors Industries**, **Plains Exploration & Production**, **Shaw Group**, and **XTO Energy Inc.** Death benefits vary in form by company, but include examples such as paying a top executive's salary for ten years after death or paying a bonus conditioned upon an executive's agreement to not compete with the company after death. Investor support for LongView's initiative was strong, especially for a first-year proposal. Two of the resolutions garnered majority support, several companies adopted reforms to their plans, and two companies agreed to allow shareholders to vote on any executive death benefit plans if proposed in the future.

Company commitments to pay executives' excise income taxes are an additional compensation practice of concern to LongView. A LongView resolution at **Gannett** proposing that the company ban any "tax gross-up" provisions in executive compensation agreements or practices obtained a near majority of support from shareholders.

LongView Funds have also been advocating that companies enable shareholders to cast an annual, advisory vote on the company proxy approving or disapproving the company's compensation practices. A LongView resolution at **Lexmark** achieved majority support for the second year, prompting the company's board to announce its adoption. Proposed legislation

that would mandate an advisory shareholder vote on executive compensation practices recently passed the U.S House of Representatives and is expected to be debated in the U.S. Senate later this fall.

The LongView Funds continued efforts initiated five years ago to urge companies to adopt so-called “clawback” policies. LongView believes that in the event of a financial restatement or any other event suggesting that performance-based compensation was wrongly calculated, companies should have policies in place to recoup incentive compensation to the extent that it was not earned. **Affymetrix** recently adopted a clawback policy in response to a LongView proposal. Such policies safeguard corporate assets and, in our view, buttress pay-for-performance pay practices.

Board Accountability and Governance

Shareholders rely on the boards of directors that we elect to exercise rigorous oversight of the companies in which we invest. It is crucial that boards are comprised in a manner that promotes independent review of companies’ businesses in the interests of investors.

Towards that end, the LongView Funds focused on expanding the number of companies that use a majority vote standard to elect director nominees. A majority vote standard requires that any director nominee receive at least 50% of the shares voted in order to be elected to the board. Such a standard replaces the default plurality standard at many companies, which only requires that a nominee in an uncontested election receive one affirmative vote. By requiring a majority vote, LongView believes directors will be more accountable to the shareholders who elect them. LongView filed resolutions at ten companies, from homebuilder **Standard Pacific Corporation** and pharmaceutical firm **King Pharmaceuticals** to private education companies such as **ITT Educational Services**, **Universal Technical Institute**, and **Strayer Education**. About half of the companies have positively responded by adopting a majority vote standard. At other companies where the resolution went to a vote, investor support remains high.

In order to exercise vigorous oversight and avoid conflicts of interest, Boards work best when chaired by an independent director rather than the company’s Chief Executive Officer. LongView proposed an independent chairmanship at **Williams-Sonoma**, where the resolution received a higher-than-average 37% support.

Corporate Accountability and Sustainability

The LongView Funds encourage companies to adopt policies and practices that ensure that the enterprise remain sustainable and viable for the long-term.

Accordingly, LongView worked with other institutional investors to recognize the impact of the rising costs of health care in the U.S. market and to adopt broad principles of health care reform defined by the Institute of Medicine. LongView’s resolution at **Starbucks Corporation** was withdrawn after the company agreed to publish a statement on health care reform. A similar LongView resolution went to a vote at **Raytheon**.

LongView, in conjunction with other investors, has also urged companies to adopt Board oversight and public disclosure of corporate expenditures on political campaigns. **Exelon Corporation** recently agreed to LongView’s proposal.

International Governance

LongView Funds aim to promote similar sound governance practices at international companies as the Funds do at domestic firms.

The Funds recently encouraged Belgian telecommunications company **Belgacom** to enable shareholders to vote on each director nominee individually, rather than as a slate, to allow investors to individually review director performance. LongView joined with other investors to raise concerns at French pharmaceutical company **Sanofi-Aventis** regarding its Chair's compensation, urging the company to allow shareholders to review and vote on the Chair's compensation every year. At German electronics manufacturer **Siemens**, LongView has promoted a review of the company's internal controls and oversight after recent revelations of various overseas bribery cases.

June 30, 2009

LongView Corporate Governance

2009 Shareholder Resolutions

Company Name	Issue	Results
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Executive Compensation

1	Lexmark International	Advisory Vote on Executive Compensation	69%
2	Wal-Mart Stores Inc	Advisory Vote on Executive Compensation	19%
3	Johnson Controls	Limit Golden Coffins	42%
4	Shaw Group	Limit Golden Coffins	67%
5	Plains Exploration & Production	Limit Golden Coffins	Withdrawn: Successful negotiations
6	XTO Energy	Limit Golden Coffins	50%
7	Nabors Industries Inc	Limit Golden Coffins	41%
8	Federal Signal	Limit Golden Parachutes	Withdrawn: Successful negotiations
9	Gannett Co Inc	Ban Tax Gross-Ups	48%
10	Affymetrix Inc	Implement Clawback Policy	Withdrawn: Successful negotiations
11	Avon Products-Co-filed with Connecticut	Compensation Consultant Independence	Withdrawn: Successful negotiations
12	Ryland Group	Limit Change-In-Control Payouts/Double Trigger	39%

Shareholder Access to Governance and Board Accountability

13	Toll Brothers	Board Declassification	67%
14	Arkansas Best	Board Declassification	Withdrawn: Successful negotiations
15	Centex Corp	Board Declassification	Withdrawn: Successful negotiations
16	Williams Sonoma	Independent Chair	37%
17	Jabil Circuit Inc	Majority Vote Standard for Director Elections	Withdrawn: Successful negotiations
18	Universal Technical Institute	Majority Vote Standard for Director Elections	Withdrawn: Successful negotiations
19	ITT Educational Services Inc	Majority Vote Standard for Director Elections	Withdrawn: Successful negotiations
20	Strayer Education Inc	Majority Vote Standard for Director Elections	Withdrawn: Successful negotiations
21	Invacare	Majority Vote Standard for Director Elections	43%
22	4Kids Entertainment Inc	Majority Vote Standard for Director Elections	63%
23	Avis Budget Group Inc	Majority Vote Standard for Director Elections	93%
24	MarineMax Inc	Majority Vote Standard for Director Elections	Withdrawn: Successful negotiations
25	Standard Pacific Corp	Majority Vote Standard for Director Elections	27%
26	King Pharmaceuticals Inc	Majority Vote Standard for Director Elections	75%

Corporate Responsibility and Sustainability

27	Starbucks	Adopt Principles for Health Care Reform	Withdrawn: Successful negotiations
28	Raytheon	Adopt Principles for Health Care Reform	6%
29	Exelon Corp	Disclose Political Contributions	Withdrawn: Successful negotiations
30	Urban Outfitters	Enact and Disclose Sourcing Standards	Not yet disclosed

As of July 2009

