



Amalgamated Bank LongView Funds[®] Shareholder Activities: 2003

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SECTION 1: OVERVIEW

SECTION 2: EXECUTIVE COMPENSATION

The Amalgamated Bank LongView Funds® are pioneers in the movement to reform corporate governance in ways that enhance shareholder value and curb excesses. As investors have begun to dig their way out of the rubble caused by corporate scandals at Tyco, Enron, and other corporations—and as the Sarbanes-Oxley Act starts to take effect—more shareholders are beginning to appreciate the value of improved corporate governance. Submitting dozens of shareholder proposals since 1992, it is now becoming widely recognized that LongView's approach is crucial for the health of financial markets.

During 2003, LongView continued their aggressive efforts to improve corporate performance by submitting and following up on shareholder resolutions at 24 companies. During this period, 23 proposals came to a vote—with 11 successfully adopted by shareholders. This was a high ratio of success in a field where, not so many years ago, shareholder resolutions rarely obtained a majority.

But the story is not told strictly by looking at percentages of votes favoring a specific proposal. Much of LongView's work takes place behind the scenes, in negotiations and dialogues. In some instances, LongView resolutions may be withdrawn prior to a shareholder vote when the company agrees to make certain changes to its policies. In other cases, our work begins an ongoing conversation that continues in future years.

Below are the highlights of 2003, focusing on specific topics raised by the Funds.

Back in 2002, the LongView Funds scored a breakthrough by winning a majority vote on executive compensation—only the second time that had occurred in the history of shareholder proposals. However, even when a majority of shareholders vote for reform, corporate boards do not always follow such recommendations. In the case of Norfolk Southern, the directors abided by the vote and adopted a LongView proposal that urged shareholders be given a vote on any future "golden parachutes" for top executives who are offered a severance package worth at least three times the executive's base pay and bonus

LongView continued the campaign to curb excessive executive pay by winning a majority on similar "golden parachute" resolutions at **AK Steel**, **Sprint**, **Union Pacific**, and **Massey Energy**—with the latter winning a whopping 72% "yes" vote. The first three boards agreed to implement our proposals. This issue received a high vote at **Halliburton**, as well, with over one-third of the shareholders ratifying the golden parachute proposal. Moving forward, LongView will continue to press this issue with more boards in 2004.

LongView pushed for reforms on other pay-related topics as well, asking **General Electric** and **Maytag** to reform their methods of awarding options to executives, so as to align executive pay more closely with long-term performance. Also, LongView obtained more than 40% of the vote on a proposal urging **MAXIMUS** to expense options awarded to top executives.



VOTING SUMMARY FOR LONGVIEW SHAREHOLDER PROPOSALS

SECTION 3: IMPROVED CORPORATE GOVERNANCE AND BOARD ACCOUNTABILITY

Company	Vote Results in Favor of LongView Proposal
Executive Compensation	
Golden Parachutes	
AK Steel	59.2%
Halliburton	37.6%
Massey Energy	72.5%
Sprint	63.6%
Union Pacific	57%
Performance-based Compensation	
General Electric	15.1%
Maytag	29.4%
Qwest	45%
Expense Stock Options	
Maximus	40.3%
Improved Corporate Governance and Board Accountability	
Annual Election of All Directors	
Fleetwood	57.9%
G&K Services	41%
Paccar	44.2%
Safeway	61%
Tellabs	68.3%
VF Corp.	56.7%
Whole Foods	60.9%
Poison Pills	
Yahoo!	57%
Board of Directors Issues—Split CEO from Board Chairman	
Tyco	30%
Board of Directors Issues—Two-thirds Independent Board	
Wal-Mart Stores	23%
Auditor Independence	
General Motors	8%
Re-incorporate in the United States	
Cooper Industries	13%
End Two-tiered Stock Structure	
Sotheby's	11.3%
Human Rights as Good Business	
International Labor Organization Standards	
Coca-Cola	9.8%
Unocal	Withdrawn after company adopted policy.

The LongView Funds continued their efforts to promote greater board accountability by urging **Whole Foods, VF Corp., PACCAR, Safeway, and Tellabs** to require every member of the board to stand for election each year, rather than only a slate representing one-third of the directors. This marked the second year in a row that a majority of VF shareholders sought this reform. In 2003, the Longview proposals passed at every company except PACCAR.

Another improvement that the Funds advocated was giving shareholders a vote before corporate boards adopt "poison pill" anti-takeover devices. This year, a majority of the shareholders at **Yahoo!** supported that practice.

Also in 2003, an important board structure reform championed by LongView included splitting the job of Chairman of the Board from that of Chief Executive Officer—a concept endorsed early in the year by the Conference Board, a leading business group. LongView offered such a proposal at **Tyco**, where 30% of the shareholder votes endorsed it.

LongView also put forward resolutions requiring that at least two-thirds of the directors be independent of the company, with such a change proposed this year at **Wal-Mart Stores**.

Further, LongView sought to promote corporate accountability by urging an end to the system of U.S. corporations fleeing to off-shore tax havens such as Bermuda. The proposal called for these companies to "repatriate" themselves and become U.S. citizens again. LongView offered this proposal at **Cooper Industries**.

One area that has cried out for alteration is the existence of a two-tiered stock structure at some publicly-traded companies, a practice that gives significant power to one or a handful of shareholders. These large holders may care little about the interests of minority shareholders and may have a stake in these companies only because the firms are included in a particular index. A good example is **Sotheby's**, where control resides with the former Chairman of the Board—even though he went to jail for violating antitrust laws. Although LongView did not expect to win a significant vote given the inequity in holdings, we offered a proposal as a way to highlight the issue in the investor community.

A final area targeted last year was assuring the independence of auditors by limiting the ability of firms to do both the audit and consulting work for the same client. A resolution to that effect was offered at **General Motors**, which announced shortly before the annual meeting that it was following this policy with respect to its current audit firm.



SECTION 4: HUMAN RIGHTS AS GOOD BUSINESS

The LongView Funds believe that one strategy for enhanced shareholder value is sensitivity to labor standards and human rights, particularly among multinational corporations. Ignoring these can damage corporate reputation, cause consumers to shop elsewhere, and possibly expose the company to legal liability.

The International Labor Organization (ILO) developed a series of conventions that sought to protect workers around the world from abuses such as sweatshops, forced labor, child labor, discrimination, as well as limits on rights of association and collective bargaining.

LongView encouraged a number of companies to adopt an enforceable policy based on these ILO conventions. In 2002, such a proposal garnered a record 34% of the vote at **Unocal**, which drew fire for its work on a pipeline in Burma, a country run by a repressive junta. LongView resubmitted this resolution and prepared to present it at the 2003 annual meeting. However, a few weeks before the shareholder meeting, Unocal announced the adoption of a new policy that moved in the direction advocated by LongView. We are working to continue a dialogue with the company about implementation of that new policy.

Finally in 2003, LongView submitted an ILO resolution at **Coca-Cola**, based on allegations of serious human rights violations at a Coke bottling plant in Colombia.

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