

A L E R T

TO: Subscribers to the ISS Social Service & Social Investors

FROM: Tim Smith, Senior Vice President, Walden Asset Management
Chris Fox, Director of Investor Programs, Ceres
Leslie Lowe, Director of Energy & Environment Working Groups, ICCR
Miranda Anderson, VP for Investor Analysis, David Gardiner & Associates

DATE: March 19, 2007

RE: VOTE NO ON STEVE MILLOY RESOLUTIONS ON CLIMATE,
SUSTAINABILITY AND AGAINST CORPORATE RESPONSIBILITY

Dear Colleagues,

Those of you in the SRI community who use ISS as a proxy advisor may be aware of the recent 2007 resolutions submitted for votes by the Free Enterprise Action Fund (FEAF), the National Legal and Policy Center (NLPC), and Action Fund Management (AFM). Edward Apsley of ISS recently sent an email addressing the “anti-social” characteristics of these resolutions, and we want to urge you to be aware of the implications of your vote on these matters.

The Problem

While these resolutions’ resolved clauses are similar to those traditionally submitted by socially responsible shareholder advocates in their requests for increased disclosure, the underlying motives of the organizations filing these proposals are definitely contrary to those of the SRI community. According to its website, the NLPC, through its Corporate Integrity Project, emphasizes “combating practices that undermine the free enterprise system, including philanthropic giving to groups hostile to a free economy.” In addition to their resolutions on charitable giving, these groups have also submitted proposals addressing disclosure on climate change and sustainability, and while we as socially responsible investors generally support more and better disclosure, clearly the intent behind these proposals is essentially hostile and anti-climate as you will see as you read the Whereas clauses.

ISS’ Approach

ISS is aware of the complications related to these resolutions. In its response to the sustainability report resolution submitted to Goldman Sachs, for example, ISS noted that “the company is being targeted for its proactive approach to environmental stewardship” and that “the intention of this proposal does not reflect the view of the socially responsible investment community.”

However, ultimately ISS has recommended that its SRI clients vote FOR many of these resolutions focusing on the resolved clause and, to quote Edward Apsey, “the underlying requests for increased disclosure, in many cases, may be worth shareholder support.”

Our Suggested Solution

We believe environmentally concerned investors should VOTE NO on Steve Milloy’s proposals. Therefore, if your proxy guidelines indicate that you automatically vote with ISS and its Social Service (Note, we expect ISS’s conventional service will oppose these resolutions), we would urge that in this case you vote AGAINST ISS’s recommendation and vote AGAINST these resolutions. TIAA-CREF’s historical position on this matter provides a thoughtful model that we recommend others emulate. In similar previous situations, and in accordance with the company’s Policy Statement on Corporate Governance, TIAA-CREF has supported resolutions that encourage companies to look at social and environmental issues in a strategic manner, but has *not* supported resolutions which ultimately aim to discourage companies from doing so. Thus TIAA-CREF has historically voted NO on Milloy proposals after reading the Whereas clause to determine the goals of the filer.

And while these proposals appear to support increased transparency and disclosure, they are essentially “wolves in sheep’s clothing” whose ultimate intent is to discredit the environmental efforts of the companies in question.

We believe it is important for investors to be aware of the type of message they are sending to these companies, and we want to support companies’ efforts to disclose relevant information. Despite their warning about the nature of these resolutions, ISS has let their vote recommendations for their ISS Social Service stand. Therefore, we urge you to examine the list of these resolutions, which you will find below, and ensure that you oppose ISS’ advice and vote AGAINST them. This is especially important if your proxy guidelines indicate that you otherwise automatically follow ISS’ Social Service recommendation on votes.

Here are the anticipated Milloy related proposals filed by his organizations and allies for 2007:

Goldman Sachs - (3/27/2007) - Charitable Contributions and Sustainability report

Citigroup (4/17/2007) - Equator Principles

General Electric (4/26/2007) - Global Warming report

E.I. DuPont (Late April) - Global Warming report

Yahoo! (Late May) - Internet Regulation report

Wal-Mart - (Early June) - Business Social Responsibility report

The proponent of each proposal will be identified in each ISS analysis.

Thank you.