AFSCME Employees Pension Plan Shareholder Proposals for 2006

Advisory Votes On Executive Pay:
Urge boards to establish an annual shareholder advisory vote to approve or reject the company compensation committee report. A shareholder vote on the compensation report is already required of companies in the United Kingdom and Australia. Proposals have been submitted at US Bancorp, Merrill Lynch, Bank of America, Home Depot and Countrywide Financial.

Majority Vote Standard:
The AFSCME Plan has submitted binding resolutions that amend company bylaws to require that directors will be seated only if they receive the support of a majority of the shareholders. Currently, a director need not receive the support of a majority of shareholders represented at an annual meeting to win election, a mere plurality will suffice. Because so few outside shareholders actually attend the annual meeting, absent a proxy contest, directors who are nominated by the incumbent board will win election no matter how unpopular they are. Binding proposals have been submitted at United Technologies, Honeywell, Wells Fargo, and Qwest, and a non-binding proposal was filed at Morgan Stanley.

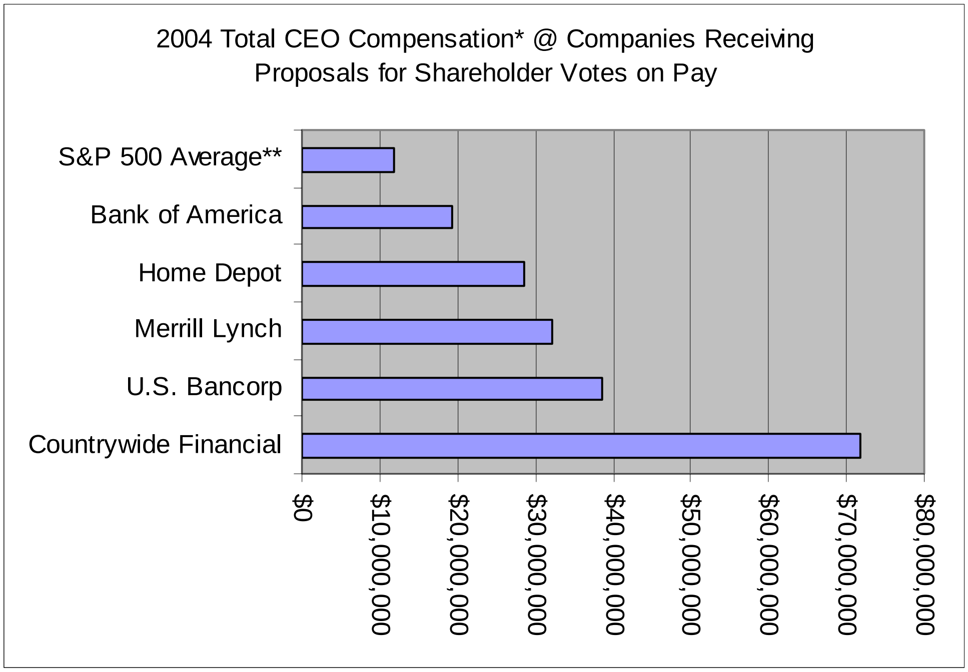
Solicitation Expenses:
Currently, in a proxy contest, management can use the company treasury to campaign in support of the candidate nominated by the incumbent board, while shareholders who nominate a candidate must bear the cost of a solicitation themselves, even if their candidate wins. The AFSCME Plan proposes that in the case of a shareholder who nominates a short slate of candidates (fewer than half the seats on the board), that shareholder can recoup their solicitation costs if their candidate(s) receives a certain threshold percentage of the vote. Proposals have been submitted at the Bank of New York, Citigroup, and American Express.

Equity Compensation Holding Policy:
In an effort to better align management and shareholder interests, the AFSCME Plan has submitted proposals at FMC Technologies and Amgen that executives must maintain a percentage of after-tax shares provided to them under the company's equity compensation plan, so that an executive who exercises stock options also increases their overall share ownership.

Performance-based Restricted Stock:
The AFSCME Plan proposal asks companies to add performance-based vesting measures to restricted stock. This proposal is designed to make restricted stock awards contingent upon objective performance criteria, instead of simply based on the length of time served, known as "pay for pulse". Proposals have been submitted at Bristol-Myers Squibb, JP Morgan Chase, and Time Warner.

Limits on Executive Severance:
Boards can grant excessive payments to executives in the event of a change in control of the company or if the executive is terminated, such as Philip Purcell's $113 million package at Morgan Stanley. The AFSCME Plan has filed proposals at Emerson Electric and Raytheon, which limit the amount of compensation a senior executives can receive in the event of a change-in-control and/or involuntary termination

Board Declassification:
The annual election of directors is a fundamental component of good corporate governance. While annual elections have been a core shareholder concern for many years, this year we may reach the tipping point where the majority of S&P companies have annual elections. Proposals have been submitted at SunTrust Banks, Wachovia, Mellon Financial, Washington Mutual, and 3M.



* 2004 Total compensation comprises: Base Salary; Annual Bonus; Other Annual Compensation; Long-Term Incentive Plan Payouts; All Other Compensation; Restricted Stock; and Options Value Realized.

** The 2004 average CEO total compensation at S&P 500 companies was $11,712,621. Source: *The Corporate Library's CEO Pay Survey: CEO Pay 2004*.