5 FACTS THE CENTER FOR POLITICAL ACCOUNTABILITY DOES NOT WANT YOU TO KNOW

As the Center for Political Accountability releases another flawed and partisan grading scheme on companies disclosure practices, it is important to recognize the FACTS from investors, boards and management, and the shoddy practices behind tabulating the index and proxy results.

1. THE MAJORITY OF INVESTORS DO NOT SUPPORT DISCLOSURE:

- ☑ According to the Manhattan Institute's Center for Legal Policy, such proposals were introduced more often than any other proposal type in 2013, constituting 20 percent of all proposals among Fortune 250 companies. However, none of these proposals to Fortune 250 companies attracted majority support, receiving average support from only 18 percent of shareholders in 2013, down from nearly 25 percent in 2011. This can be found in the Manhattan Institute's July report entitled "2013 Proxy Season Review." (available here: http://www.proxymonitor.org/Forms/2013Finding5.aspx).

2. BOARD AND MANAGEMENT DO NOT SUPPORT LOBBYING OR POLITICAL RELATED LOBBYING DISCLOSURES:

- ☑ Boards and management of public corporations are overwhelmingly opposed to these types of disclosures. In fact, among Fortune 250 companies, management opposed every proposal related to the disclosure of public policy expenditures for the last seven years.

3. MUTUAL FUND FAMILIES DO NOT SUPPORT LOBBYING OR POLITICAL RELATED LOBBYING DISCLOSURES

- ☑ In contrast to the activist investors, the largest mutual funds, which are focused on economic returns and building shareholder value, have overwhelmingly voted to reject increased disclosure. Based on a review of publicly availing information filed on Form N-PX with the Securities and Exchange Commission, in 2012, the seven largest institutional managers of equity securities–Vanguard, BlackRock, State Street, Fidelity, Capital World Investors, Capital Research Global Investors, and T. Rowe Price–supported only 3.6 percent of proposals calling for increased disclosure of corporate political spending. This can be found in Jim Copland's blog published by the Manhattan Institute (available here: http://www.pointoflaw.com/archives/2013/02/public-citizen-and-social-investors-peddling-falsehoods.php).

4. THE CPA'S SCORING METHODOLOGY CHANGES FROM YEAR TO YEAR TO ADVANCE THEIR END GOAL OF SILENCING CORPORATE SPEECH

- ☑ The Zicklin index changes its baseline scoring averages year after year to generate the scoring averages that pressure companies to respond. From 2011 to 2012, the CPA included new variables and increased weighted averages for companies disclosing contributions to 527 groups, trade associations, and 501(c)(4)s. Providing further indication that the Zicklin index is a flawed methodology tailored differently each year to meet the strategic objectives of the shareholder activists and their disclosure ruse.

- In 2013 the CPA changed five indicators from 2012. For instance companies that did not list in any level of detail the public policy issues that are important to its business did not receive full/ "yes" credit. Also the CPA deemed that when a "company states on its website that outside auditors or independent experts provide periodic review of the company's political activity" that the indicator lacked clarity to be sufficiently meaningful. Without disclosure, the CPA is not satisfied and your score will suffer.

5. THE CPA CONTINUES TO EXAGGERATE THE RESULTS FROM SHAREHOLDER PROXY RESOLUTIONS

- The Center for Political Accountability generally claims higher vote totals for its shareholder proposals by inflating its figures. It counts not the percentage of shareholder support (among all shareholders present in person or by proxy and entitled to vote at a shareholder meeting), but rather the percentage of support among shareholders voting For or Against. Many companies use the former rather than the latter metric for gauging shareholder support, and their voting rules are clearly disclosed to shareholders in company bylaws and proxy solicitations.

THE BOTTOM LINE: The CPA and their allies are a coordinated group of economically disinterested shareholders who are working together to create the illusion of a mainstream mandate for companies to cease public affairs activities altogether. An idea a wide majority of economically interested shareholders reject year after year.