

Dear XXXXXXXX:

I am writing to request your feedback on a profile of XXXXXXXXXXXX that we have compiled for a forthcoming study of the corporate political spending governance practices and spending patterns of S&P 500 companies. The study is being conducted by the Sustainable Investments Institute (Si2), which produces impartial, in-depth reports on corporate responsibility issues for leading institutional investors. We will release the findings on November 10.

Report last year: In October 2010, we released a similar study on this subject, entitled “How Companies Influence Elections - Political Campaign Spending Patterns and Oversight at America’s Largest Companies,” which you can find on the Social Science Research Network at <http://ssrn.com/abstract=1692739>. If you chose to participate in the survey conducted for that study, we very much appreciate your assistance.

While most examinations of political spending continue to focus on the increasing amounts of cash flowing into political campaigns, leading investors have focused instead on the corporate governance of this spending. There were 92 shareholder resolutions in 2011 on this subject, 50 percent more than in 2010. Support for the main group of disclosure proposals averaged 34 percent, a new record, and one received 53 percent (at Sprint Nextel). Advocates appear poised to file still more resolutions in 2012, and promise to expand their campaigns to scrutinize even more closely indirect spending as well as lobbying. This is occurring as the Securities and Exchange Act considers a petition from leading law school professors, submitted in August, to require more disclosure about political expenditures to investors in securities filings, and as the 2012 Presidential race begins.

Our report last year provided the first baseline data on political spending governance for the entire S&P 500. This year we are measuring what has happened now that companies have had time to react to recent legal developments and investor pressures. We also have compiled a comprehensive database of each firm’s corporate political spending “footprint,” including contributions to federal 527 committees, federal lobbying and state-level support for candidates, parties and ballot initiatives. Marrying detailed governance data with spending profiles allows us to present a nuanced picture of how, why and where companies are taking part in the political process, and to explore sector- and revenue-based differences.

Your profile and feedback: We have reviewed your website for published policies and disclosures and want to give you the opportunity to correct, amend or clarify the profile below. We also would appreciate any feedback you would like to offer on the spending data presented, and to clarify—particularly at the state level—if the amounts we have included reflect your own accounting for corporate contributions (excluding PAC donations).

We also would like your response to three questions:

1. a. Do you support standardized corporate political spending disclosure *in securities filings*? Why or why not?
b. Do you support a *shareholder advisory vote* on political campaign spending? Why or why not?
2. Does your company now make, or does it plan to make, any *independent expenditures* with corporate funds to support or oppose candidates for political office? At the federal or state level? Why or why not?
3. In the last year, has your company changed its oversight of *indirect political spending* – such as contributions to trade associations or other non-profit groups involved in political campaigns? Please explain.

We would like candid responses and are happy to accept confidential replies. Please let us know if you do not want your answers to be attributed to your company; companies not named will be identified only by sector and revenue band. (Publicly available data posted on your website may, however, be noted in the study.) **We would like to receive your response on or before October 5; please let us know if you can respond but need a little more time.** If you are not the most appropriate contact, we also would be grateful if you would forward this request to a more appropriate person.

Questions: If you have any questions about the study, supported with a grant from the IRRIC Institute (www.irrcinstitute.org), please contact me or Robin Young (email robin@siinstitute.org, tel. 301-328-7238). Si2 receives additional funding from a consortium of the largest-endowed U.S. colleges and universities, TIAA-CREF and the California State Teachers Retirement System, among others. More information about us appears at www.siinstitute.org.

Thank you for your assistance. I look forward to hearing from you soon. If you decide not to participate in this study, please let me know and we will not contact you again.

Sincerely,

Heidi Welsh
Executive Director

XXXXXXXXXXXX– **DRAFT** – GOVERNANCE AND SPENDING PROFILE

*Political spending governance information in this profile (Sections A,B, C and D) is derived from a careful review of your company's website and examination of your publicly available policies, including board committee charters. **We welcome any corrections you would like to provide.***

*Corporate Political Expenditures in Section E come from public databases compiled from public databases. **We particularly welcome corrections of any state-level figures, which may include PAC spending we have not been able to identify as such.***

A. Policy and Decision-Making

1. Does company have a policy of any kind on political spending?

Policy

Stand-alone policy for treasury giving?

– Also in corporate code of conduct?

- Policy is ONLY in code of conduct?
- Policy mentions lobbying?

2. Policy identifies specific company official with responsibility for political spending?

3. Who at the company *recommends, approves and reviews* political spending?

4. Decision-making/review process for spending included in policy/Code of Conduct?

5. Company has a stated policy NOT to spend money in politics:

... but it has a PAC:

... and it DOES NOT have a PAC:

... but it spends money on lobbying:

6. **Company policy prohibits corporate contributions to the following:**
7. **Company reasoning for political spending included in policy/Code of Conduct/on website:**

B. Oversight

1. **Board is explicitly charged with oversight of political spending?**
2. **Frequency of spending process review (by board &/or management):**

C. Methods of Spending and Disclosure

1. **Political Action Committee**
 - Name of PAC:
 - Year PAC last active:
2. **Treasury funds:** Company gives money from its treasury directly to candidates, parties or ballot initiatives:
3. **Company spends money via independent expenditures in political campaigns:**
4. **Spending disclosure:** The company reports *on its website* the following types of political spending (providing data on contributions, not only links to other sources of data):
 - PAC spending
 - Treasury spending
 - IE spending
 - Tax-exempt groups*
 - Lobbying

*trade associations and/or other 501(c) groups

D. Tax-Exempt Groups: Trade Associations and Other 501(c) Groups

1. **Company has published policy on political spending by trade associations/other 501(c) groups?**
 - Trade associations:
 - Other tax-exempt groups:
2. **Disclosures:**
 - Memberships:
 - Payments:

URL for payments:
Details on any disclosure thresholds or limits:

E. Corporate Political Expenditures

Si2 has aggregated data on your company's political spending compiled by the Center for Corporate Integrity (www.opensecrets.org) and the Institute for Money in State Politics (www.followthemoney.org), as stated below. We have made efforts to exclude any PAC expenditures and will report the sums below as corporate spending unless you provide information to the contrary.

(State totals exclude spending in states where corporate contributions are illegal and spending in other states where contributions as reported are identifiable as coming from PACs.) Details on individual contributions included in the state-by-state summary are available upon request to Si2.

527 Group Contributions

Recipient	Contributing Entity	Amount
2009		
2010		

Federal Lobbying

Registered Lobbyist	Lobbyist's Reported Client	Amount
2009		
2010		

State Corporate Contributions - Summary (Identifiable PAC Spending Excluded)

2010	State	Amount
	Ballot Initiatives	
	Candidates	
	Parties	

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