

PROXY GOVERNANCE, Inc. News Release

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**Support for Climate Change Proposals Inches Higher Among Investors,
But Appears to be Leveling Off As New Proposals Request Quantitative Actions**

VIENNA, VA, July 18, 2007 – It was a record proxy season in 2007 for shareholder proposals asking companies to address climate change, with more proposals coming to a vote and higher support levels than the two previous years, according to PROXY Governance, a leading proxy advisory firm. Based on preliminary results reported thus far, five climate proposals were supported by more than 30 percent of the votes cast—a level often viewed as significant—compared to just one proposal with this level of support in prior years. Average support levels for climate-related shareholder proposals rose only slightly during 2007, however, reaching 21 percent, raising questions about whether shareholder support for this issue is leveling off.

More than 40 climate-related shareholder proposals were filed for 2007, compared to 27 last year, as proponents tried to build momentum from what was seen as a successful campaign last year to make climate change a more prominent issue among mainstream institutional investors. The majority of these proposals were coordinated through the Investor Network on Climate Risk (INCR) a group of institutional investors and financial institutions managing more than \$4 trillion in assets. Seventeen proposals actually made it to a vote in 2007, up from 7 in 2006 and 10 in 2005. The remainder of the proposals submitted this year were either withdrawn by proponents (19 proposals), many after reaching agreements with companies on disclosure or other actions, or were omitted from ballots based on no-action rulings by the Securities and Exchange Commission (7 proposals.) Figure 1 shows the trends in proposals submitted, voted on, and withdrawn as well as the average support levels for these proposals for the last three years.

Many of the climate proposals asked companies to report on their climate change risks and liabilities and were targeted at companies that chose not to participate in the Carbon Disclosure Project, a worldwide effort organized by 225 institutional investors to get companies to disclose their carbon emissions. In 2007, however, some proponents went beyond disclosure for the first time and requested companies, particularly in the automotive and oil and gas industries, to begin to set quantitative goals for reducing greenhouse gas emissions from their operations and products. “Investors concerned about climate change attempted to raise the bar on some companies this season by filing proposals requesting more concrete actions on the issue,” said Scott Fenn, Managing Director of Policy at PROXY Governance, “but it looks like they sacrificed something in terms of higher votes in order to push more substantive proposals.” Investor support for these more prescriptive climate change proposals averaged 18 percent.

Overall, climate change continued to make progress among investors during the 2007 proxy season as an important policy issue and, increasingly, corporations were seen joining them on the issue as well. In March, for instance, a dozen major corporations, including DuPont and Alcoa, joined more than 50 concerned institutional investors in calling on Congress to pass comprehensive regulations to control greenhouse gas (GHG) emissions.

Exxon Singled Out in Campaign that Targets a Director

In one of the highest profile annual meetings with a climate change proposal, shareholders ranging from the California Public Employees Retirement System (CalPERS) and the Connecticut state pension fund to the Sisters of St. Dominic of Caldwell, N.J., challenged Exxon Mobil Corp. to take steps to reduce its greenhouse gas emissions. A proposal asking the company to adopt quantitative emissions reductions goals and report to shareholders by Sept. 30, 2007, on plans to achieve those goals was supported by 31 percent of the shares voted. A related effort to oust board member Michael J. Boskin, chairman of the company's public issues committee, by withholding votes for his reelection to the board, garnered less support as he was reelected with support from 93 percent of the shares voted. Boskin had repeatedly rebuffed attempts by some large institutional investors to meet with him to express their concerns about the company's failure to develop a viable strategy for addressing climate issues and risks. In contrast to the high vote at Exxon Mobil, shareholders at Chevron Corp. gave less than 9 percent support for a proposal to adopt GHG reduction goals. Meanwhile, at ConocoPhillips, proponents withdrew a climate proposal after the company announced that it was joining the United States Climate Action Partnership (USCAP) -- a diverse alliance of businesses and environmental organizations calling for federal action to enact legislation that would target 60 to 80 percent reductions in U.S. greenhouse gas emissions by 2050.

In U.S. Auto Industry, Proposal Garners More Support at GM than at Ford

Despite recent initiatives by General Motors Corp. designed to address the financial risks relating to climate change, shareholders showed relatively strong support (29 percent) for a proposal challenging the company to adopt GHG reduction goals for its vehicles. Over the last year, GM announced major new developments in fuel saving technology, such as the planned development of the Chevy Volt, an electric vehicle that can be configured to run on electricity, gasoline, or biofuel blends. Significantly, in May of this year, the company also broke new ground for the U.S. auto industry by joining the USCAP. Meanwhile, a similar proposal at Ford Motor Co. was supported by 14 percent of votes cast -- the lower vote reflective, in part, of the Ford family's control of 40 percent of the company's voting power. Ford, along with the Chrysler Group, has since joined the USCAP.

Support Levels Mixed at Electric Utilities

Over the last several proxy seasons, proponents got more than a dozen electric utilities to agree to prepare climate risk disclosure reports. This year, disclosure-based proposals were successfully withdrawn at Sempra Energy and Ameren Corp., after such agreements, while the proposal received significant support levels at Allegheny Energy, Inc. (39 percent) and Dominion Resources, Inc. (22 percent). Investors, however, were less supportive of a more prescriptive proposal at The Southern Co. asking it to adopt GHG reduction goals, where the proposal received less than 9 percent support. Perhaps the biggest development in this sector, however, occurred outside the proxy process when TXU Corp. announced that it would scale back its plans to build 11 new coal-fired power plants in Texas as part of its deal to be taken private by an investor group led by Kohlberg Kravis Roberts & Co., Texas Pacific Group and Goldman Sachs Group. The new power plants, announced last year, had sparked an outcry among environmental groups and concerned investors who had filed three climate-related proposals questioning the long-term financial viability of the power plants. Since the announcement of the buyout, one proposal has been withdrawn while another has been omitted. TXU shareholders will meet to vote on the buyout proposal in early September, where they will also vote on the remaining proposal, which calls for the adoption of GHG reduction goals.

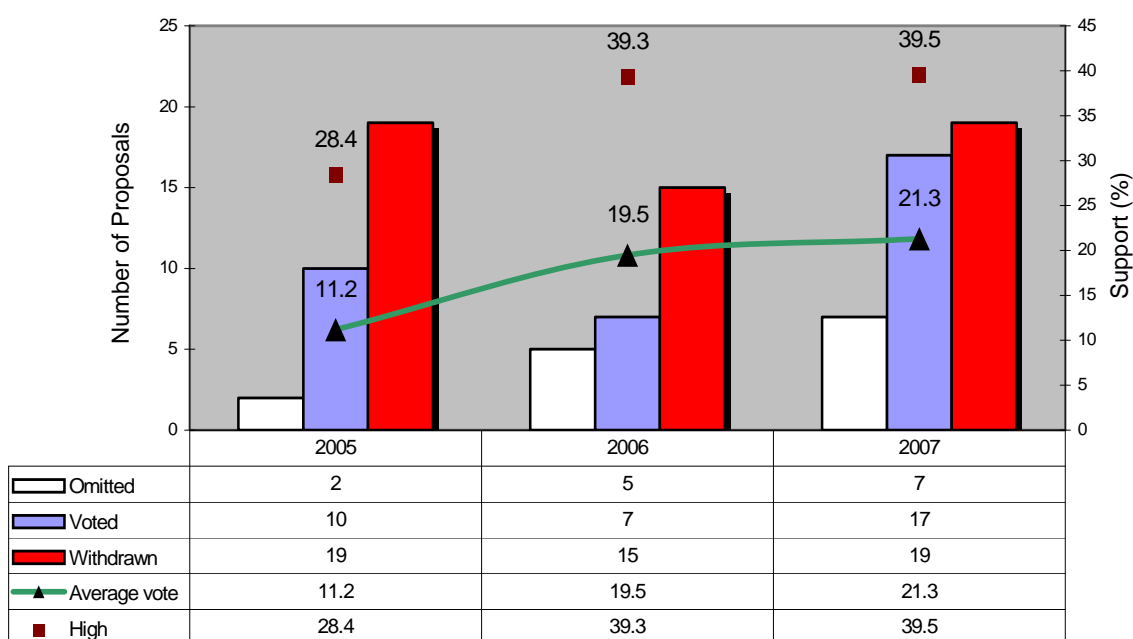
Surprisingly High Support Levels at Retailers and Real Estate Companies

Surprisingly, some of the highest levels of support for climate-related proposals in 2007 occurred outside of the carbon-intensive sectors, particularly in the homebuilding and retail sectors. These proposals typically asked companies to disclose their corporate strategies and performance on energy efficiency. Investors

gave strong support for such proposals at The Kroger Co. (37 percent) and Boston Properties, Inc. (33 percent), while proponents successfully withdrew resolutions at D.R. Horton, Inc., Toll Brothers, Inc., and

Costco Wholesale Corp. after reaching agreement with the companies to enhance disclosure on energy efficiency. Over the last year or so, a number of major U.S. retailers, including Wal-Mart Stores Inc. and Safeway Inc., have begun to respond to the potential impacts of climate change on their businesses, and proponents are using these examples to pressure other retailers on the issue. At homebuilders, however, proponents ran into some unexpected trouble at the SEC this year, which upheld no action letters at several homebuilders, including at Standard Pacific Corp., where the proposal had received support from 39 percent of votes cast last year.

Figure 1: Shareholder Support for Climate-Related Proposals 2005 - 2007



Note: Results based on available results as of July 16, 2007. Sources: PROXY Governance; SEC filings. Support levels are expressed as a percentage of votes cast and exclude abstentions.

About PROXY Governance

PROXY Governance, Inc., (www.proxygovernance.com) is an independent proxy advisory and voting firm that provides a full range of proxy analysis, voting and reporting services designed to meet the needs of pension funds, money managers, mutual funds, investment advisors and other fiduciaries. PROXY Governance's mission is to provide proxy-voting recommendations that truly build long-term shareholder value. Its analysis uses a company-specific methodology. Rather than evaluating proxy issues in isolation, the firm considers each issue in the context of a company's performance, relative to its peers. PROXY Governance's policies and voting recommendations are transparent and free from conflict, and the company does not market any services that could generate conflicts of interest. PROXY Governance is a wholly owned subsidiary of FOLIO*fn*, Inc., an innovative financial services company that also provides brokerage services and portfolio management technology for individual investors and investment advisors.

Climate Change Voting Results 2005 – 2007 – By Industry Sector

2005

Sector	Filed	Omitted	Withdrawn	Voted	Average Vote	High
Auto	2	0	1	1	5.6%	5.6%
Banking	3	2	1	0	-	-
Electric Utilities	4	0	3	1	8.3%	8.3%
Manufacturing	7	0	7	0	-	-
Oil and Gas	9	0	6	3	21.4%	28.4%
Real Estate & Property	6	0	1	5	6.8%	8.9%
Overall	31	2	19	10	11.2%	28.4%

2006

Sector	Filed	Omitted	Withdrawn	Voted	Average Vote	High
Autos	1	0	1	0	-	-
Banking	2	2	0	0	-	-
Electric Utilities	7	1	5	1	22.6%	22.6%
Oil and Gas	7	1	5	1	22.3%	22.3%
Real Estate & Property	6	1	2	3	18.1%	39.3%
Retail Sectors	4	0	2	2	18.8%	28.7%
Overall	27	5	15	7	19.5%	39.3%

2007

Sector	Filed	Omitted	Withdrawn	Voted	Average Vote	High
Auto	2	0	0	2	21.6%	29.1%
Banking	1	0	1	0	-	-
Coal	3	0	1	2	12.9%	19.0%
Electric Utilities*	8	1	3	4	23.3%	39.5%
Insurance	4	1	3	0	-	-
Oil and Gas	11	2	4	5	19.4%	31.0%
Other	3	0	3	0	-	-
Real Estate & Property	6	3	2	1	32.6%	32.6%
Retail Sectors	5	0	2	3	24.1%	37.4%
Overall	43	7	19	17	21.3%	39.5%

*Includes TXU Corp. (meeting Sept. 7, 2007)

