



Mutual Funds Support Corporate Political Spending Resolution *Opposition Continues to Decline as Overall Support Remains Strong*

December 2010

In an important milestone, a majority of mainstream mutual funds voted for the first time either 'For' or 'Abstain' on the Center for Political Accountability's model political disclosure resolution in the recently concluded 2010 proxy season. This came as the CPA-coordinated resolution garnered increased support for the seventh consecutive year.¹ Funds in 25 different families voted on the resolution at 28 companies.²

How mutual funds, especially those that are very large, cast their proxies is critical because of they are by far the largest institutional holders of shares in U.S. public companies. With holdings nearly 25 percent of the shares in U.S. publicly traded companies, mutual funds' voting decisions can significantly influence company policies. In the case of CPA's model political disclosure, the move to support or abstain, from opposing the resolution, was an important factor in tripling the average vote for the resolution to 30 percent in 2010 from 9 percent in 2004, the first year it was filed.

Highlights from the 2010 proxy season include:

- Morgan Stanley and Wells Fargo increased their support to record high levels, voting 'For' more than 95 percent of the time. Both funds had voted in support of the resolution 82 percent of the time in 2009.
- Bank of New York Mellon cast its first-ever votes in support of the CPA resolution, which the company had opposed since 2004.
- Goldman Sachs continued to show strong support for the resolution.
- Van Kampen Investments increased its 'For' votes by nearly 20 percent to 96 percent in 2010, from 77 percent in 2009. .
- Legg Mason, Oppenheimer, Schroder, and Franklin Templeton increased their 'For' votes by an average of 4.5 percent from 2009: Legg Mason to 66 percent from 61 percent; Oppenheimer to 94 percent from 89 percent; Schroder to 90 percent from 86 percent; and Franklin Templeton to 69 percent from 64 percent.

2010 Votes: The Details

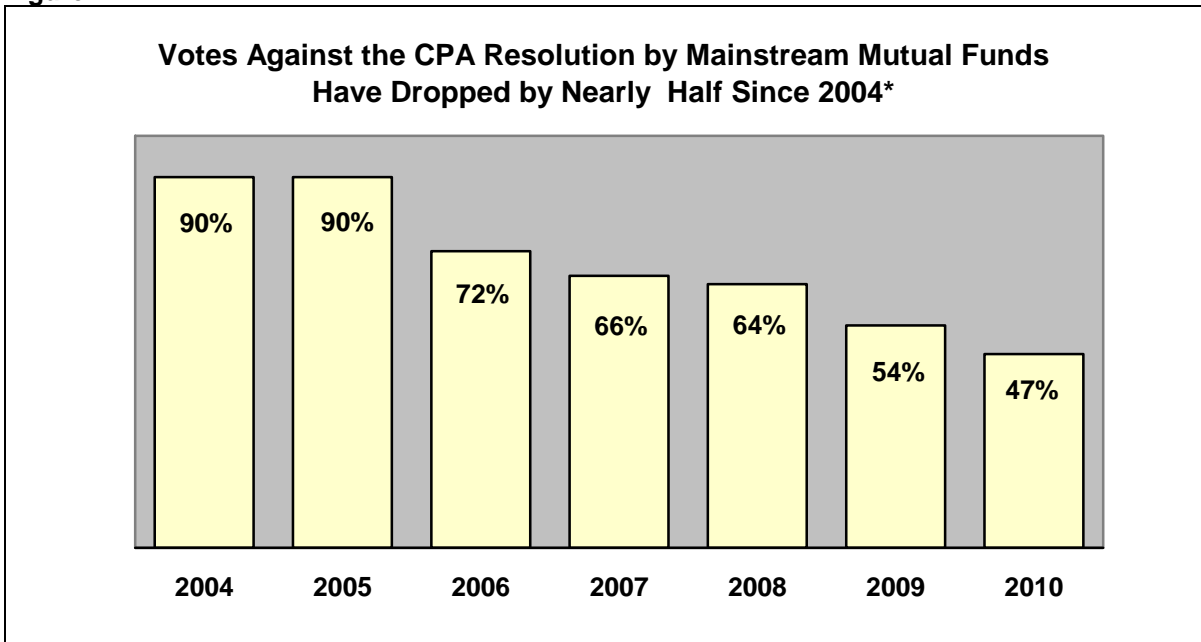
The 2010 season marked the first time that the majority of major funds either voted to support or abstained from voting. Funds that opposed were in the minority. Abstentions increased by 10

¹ In 2010, the CPA utilized data from Fund Votes (<http://www.fundvotes.com>) for mutual fund voting statistics. For previous reports, the CPA used ProxyDemocracy's data.

² Fund families in this study include: AllianceBernstein, Allianz, American, Blackrock, Bank of New York Mellon, DWS, Federated, Fidelity, Franklin Templeton, Goldman Sachs, ING, JPMorgan, Legg Mason, Morgan Stanley, Oppenheimer, Pioneer, Putnam, Schroder, Schwab, State Street, T. Rowe Price, TIAA-CREF, Van Kampen, Vanguard, and Wells Fargo. All references to 'mainstream mutual funds' include funds in these 25 families.

percent, while votes in support of the resolution remained steady. The significance of this shift is magnified when compared with voting patterns from 2004 and 2005, when funds were routinely voting 'Against' at a 90 percent rate. Figure 1 shows the steady decline in mutual fund votes against political disclosure since CPA's campaign began in the 2004 proxy season.

Figure 1

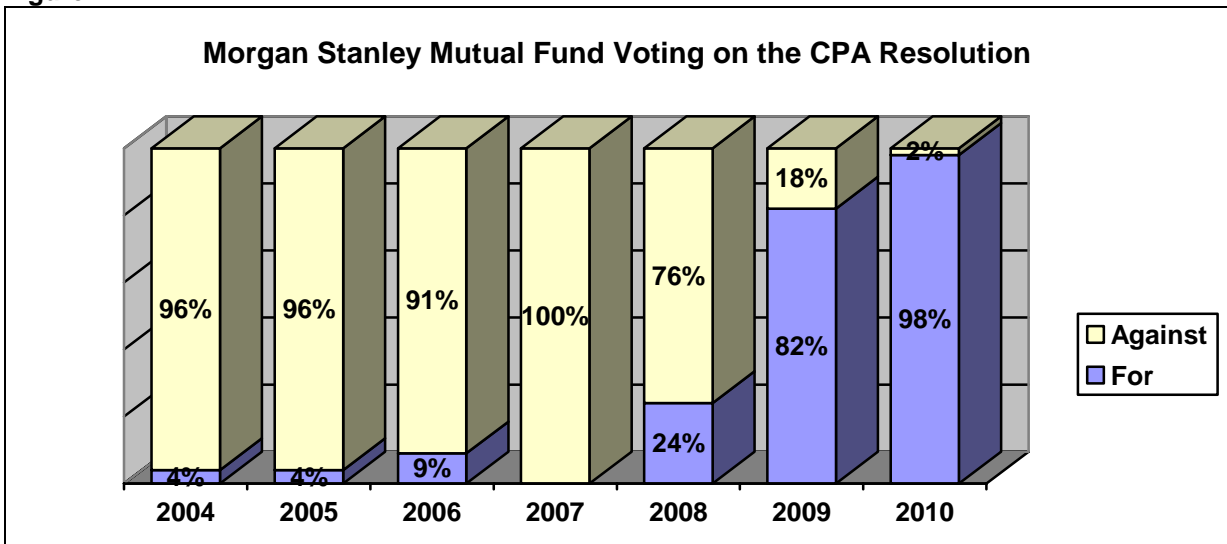


*average of 3,982 votes per year

Morgan Stanley and Wells Fargo Show Record Level Support

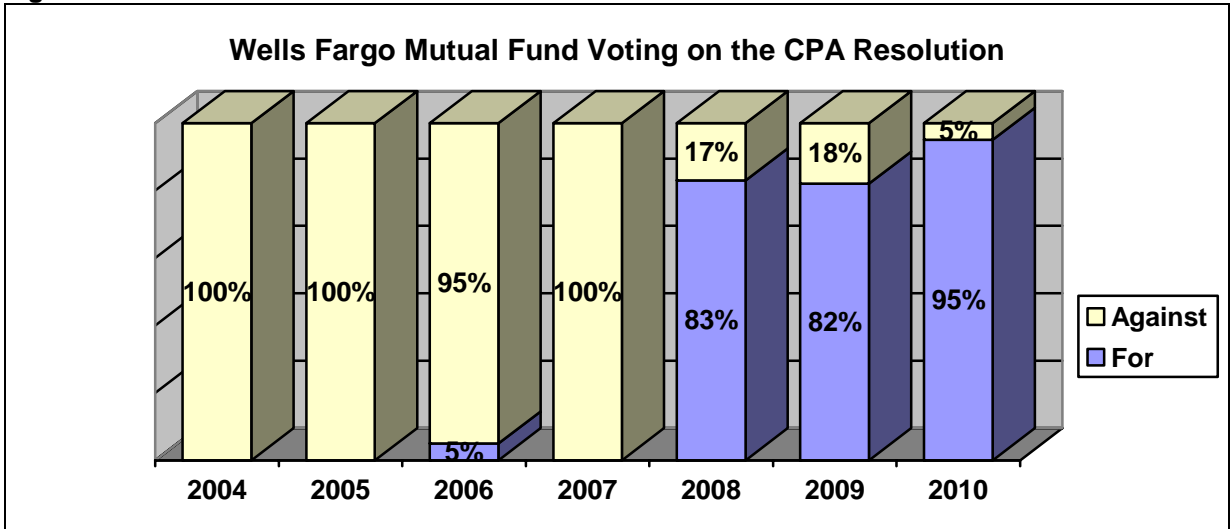
Two major mutual fund families, Morgan Stanley and Wells Fargo, increased their support to record highs in the 2010 season with both funds voting in support of the CPA resolution more than 95 percent of the time. This development represents a major change, as both funds opposed the resolution prior to 2008. Now, there is near unanimous support for the resolution. See Figures 2 and 3.

Figure 2



* average of 258 votes per year

Figure 3



* average of 177 votes per year

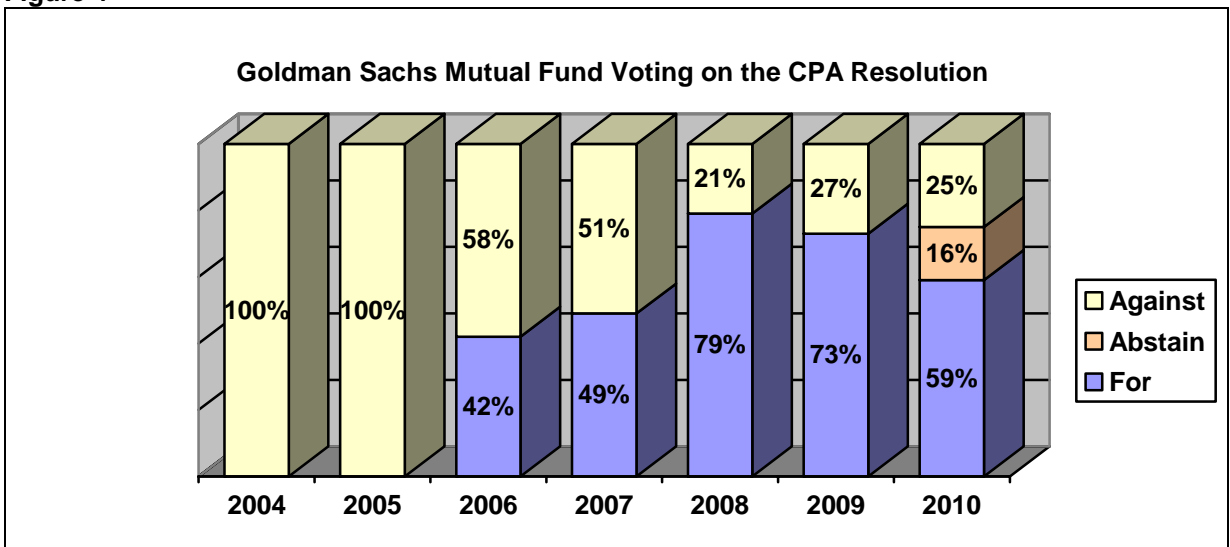
Bank of New York Mellon Casts First Votes in Favor of CPA Resolution

Four out of 30 funds in the Bank of New York Mellon family voted in favor of the CPA resolution in 2010, a shift from its earlier opposition to the resolution from 2004 to 2007.

Goldman Sachs Continues to Show Strong Support

As in previous years, Goldman Sachs' funds showed strong support for the CPA resolution in 2010. However, Goldman's total 'For' vote actually decreased in 2010 due to a large number of abstentions. This marked the first time that the funds have abstained from voting on the CPA resolution. Since 2008, it has supported the resolution an average of 70 percent of the time. See Figure 4.

Figure 4



*average of 126 votes per year

Other Mainstream Mutual Funds Increase Support for CPA Resolution

Several other mainstream mutual fund families continued to increase their support of the CPA model resolution in 2010. Van Kampen, Oppenheimer, Schroder, Franklin Templeton, and Legg Mason all increased their 'For' votes by significant margins from 2009. Van Kampen increased its support by nearly 20 percent. The other funds showed steady support, increasing their 'For' votes by an average of 4.5 percent from 2009. See Table 1.

Table 1: Voting Breakdown of Five Mainstream Fund Families for 2009 and 2010

Fund Family	2010 (percent)			2009 (percent)		
	For	Abstain	Against	For	Abstain	Against
Van Kampen	96	3	1	77	3	20
Oppenheimer	94	0	6	89	11	0
Schroder	90	0	10	86	0	14
Franklin Templeton	69	0	31	64	0	36
Legg Mason	66	0	34	61	0	39

Industry Giants Vanguard and Fidelity Stay on Sidelines

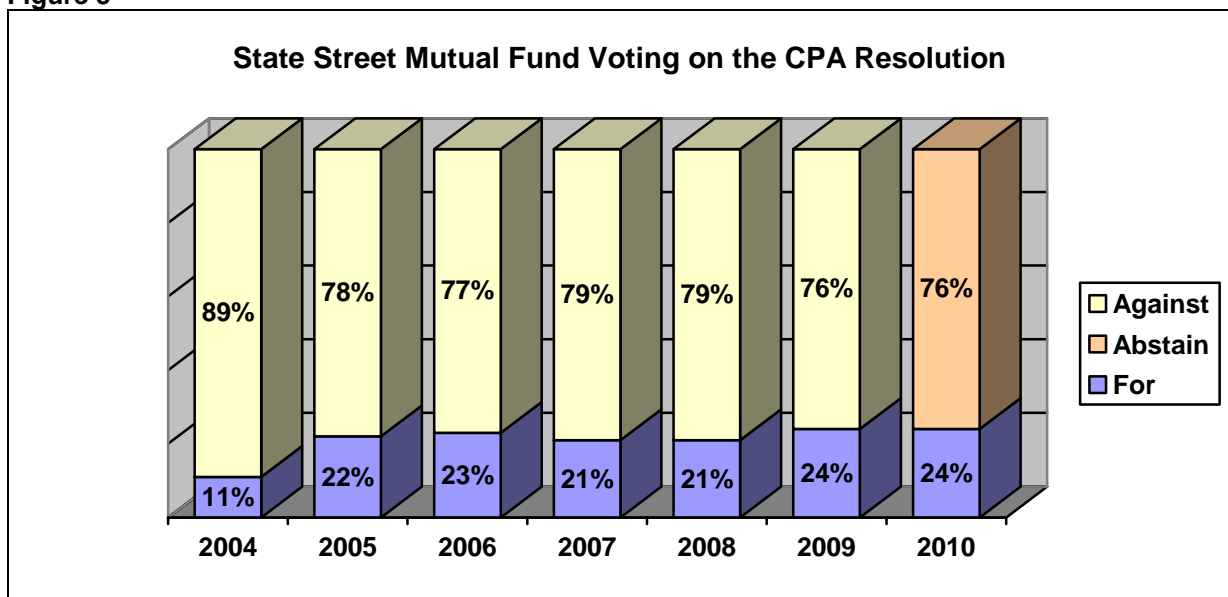
Following their long-established patterns, Vanguard and Fidelity abstained from voting on all CPA model resolutions in 2010. Vanguard has voted to abstain since the CPA resolution was first filed in 2004, while Fidelity switched from 'Oppose' to 'Abstain' in 2007.

These two fund families typically account for 15 to 20 percent of the total mutual fund vote in any given year. Both funds' abstentions provided a significant boost to overall support for the resolution, based on the way the U.S. Securities and Exchange Commission calculates votes on shareholder resolutions.

State Street Continues its Support

State Street's funds voted for CPA's model resolution 24 percent of the time in 2010, unchanged from 2009. However, in a major shift, the funds chose "Abstain" for 76 percent of the votes in 2010, compared to "Oppose" for 76 percent of the votes the previous year.

Figure 5

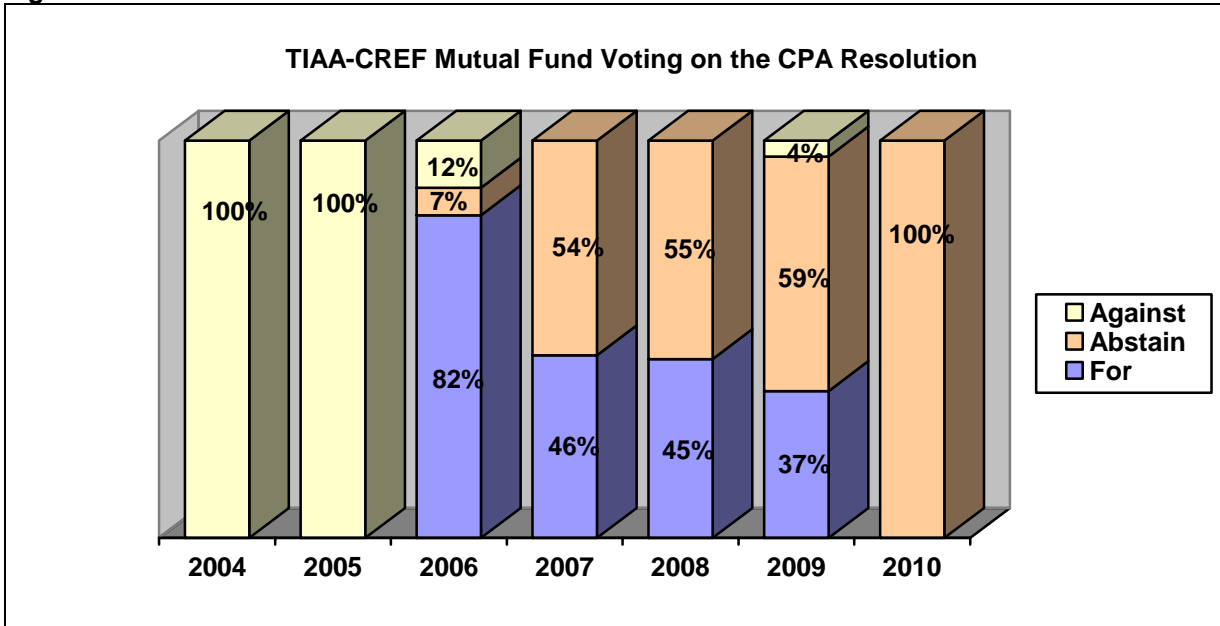


*average of 95 votes per year

TIAA-CREF Switches Vote from Support to Abstain

After having divided its votes on CPA's model political disclosure resolution between "For" and "Abstain" from 2006 to 2009, TIAA-CREF, the retirement fund for the academic, medical and research fields, abstained from voting on the resolution in 2010. See Figure 6.

Figure 6



*average of 353 votes per year

Data Source

This report was based on data provided by Fund Votes (www.fundvotes.com), an independent project started in 2004 that tracks mutual fund proxy voting in the United States and Canada. The database of over 22 million indexed proxy voting decisions by large financial institutions spans seven years of mutual fund proxy voting disclosure in the United States and five years in Canada. Fund Votes' data have been used in a number of reports by organizations such as The Corporate Library, the American Federation of State, County and Municipal Employees (AFSCME), Investors' Environmental Health Network (IEHN), CERES and SHARE, as well as a number of media outlets, including Reuters, Boston Business Journal, SocialFunds and IR Magazine.