



Majority Report

If Mutual Fund Companies Changed Their Votes, Shareholder Support for Political Spending Disclosure Would Skyrocket

Acknowledgments

This report was written by Rachel Curley, democracy associate of Public Citizen's Congress Watch division. Special thanks to Jackie Cook, Founder of Fund Votes, for providing the mutual fund voting data for this report. Fund Votes is an independent project that tracks institutional proxy voting.

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This report illustrates what would happen if major mutual fund companies used the significant number of shares they invest in America's largest companies to push those companies to be more transparent about how they spend money to influence politics.

Examining major mutual fund companies like The Vanguard Group Inc., BlackRock Inc., Fidelity Investments, and others that own more than 5 percent of common stock in companies where shareholders filed political spending disclosure resolutions in 2016, this report projects what would have happened if these mutual fund companies used their shares to support these resolutions instead of abstaining from voting or voting against them.

The findings show that 64 percent of political spending disclosure shareholder resolutions at companies where mutual funds own more than 5 percent of common stock would have received majority support in 2016 if those mutual funds had voted their shares in support of the resolutions.

BACKGROUND

In the ongoing effort to push companies to disclose information critical to shareholders' ability to evaluate their investments major mutual fund companies can and should play a pivotal role. For over 12 years, shareholders have been putting forth resolutions at major companies asking the companies to disclose the details of their political spending, information critical to investors. While more than half of the S&P 100¹ companies have moved to disclose because of this pressure, according to the Center for Political Accountability, the resolutions themselves have rarely achieved majority votes. This is largely because major mutual fund companies like Vanguard and BlackRock own large percentages of shares and choose not to support disclosure resolutions.

In 2011, a bipartisan committee of leading corporate and securities law professors filed a petition requesting a rulemaking at the U.S. Securities and Exchange Commission (SEC) requiring all public companies to disclose their political expenditures. This rulemaking was placed on the agency's agenda in 2013 by former SEC chair Mary Schapiro; however it was removed by the subsequent chair Mary Jo White in 2014. Additional obstruction occurred when Congressional Republicans inserted a policy rider into the past two appropriations bills that prohibits the SEC from finalizing—though not from working on— the rule.

Since the original petition was filed, the Corporate Reform Coalition (which is co-chaired by Public Citizen, and made up of more than 85 allied investors, non-governmental organizations, academics, investor advisors, and securities experts)² has worked with numerous allies to publicize the

¹*CPA Impact: A Distinguished Record of Effectiveness*, CENTER FOR POLITICAL ACCOUNTABILITY, <http://bit.ly/2oyNH1b> (viewed on April 14, 2017).

² *Who We Are*, CORPORATE REFORM COALITION, <http://bit.ly/2oJ06Q0> (viewed on April 18, 2017).

rulemaking, and as a result 1.2 million comments on the petition³, an all-time record, have come into the SEC. Many signatories are significant stakeholders. They include:

- Five state treasurers⁴
- The Maryland State Retirement Agency⁵ and the New York State Comptroller⁶
- US SIF: The Forum for Sustainable and Responsible Investment and a group of Investment professionals, including mutual fund and other institutional asset managers, foundations, religious investors, and financial planners from organizations managing more than \$690 billion in assets;⁷
- 79 foundations including the Carnegie Corporation of New York, Rockefeller Brothers Fund, Ford Foundation, and the Nathan Cummings Foundation.⁸

An additional 20,000 comments supporting political spending disclosure have been sent into the agency, first as comments to its “Disclosure Effectiveness” review process⁹, and then to the agency’s S-K concept release.¹⁰

Political Spending Is a Material Issue for Shareholders

Shareholders have been filing proposals at public companies requesting a full, detailed report of a company’s political spending for over a decade. Filing a proposal requires shareholders to own at least \$2,000 worth of a company’s stock continuously for at least one year before filing. Once the proposal is filed, shareholders have to present the proposal at the annual shareholder meeting, allowing them the opportunity to convince other shareholders to support their proposal.

While conventional wisdom might suggest that corporate political spending benefits corporations and their shareholders, studies have thrown suspicion on that assumption. A 2012 study by Harvard Law Professor John C. Coates IV finds that “in most industries, political activity correlates negatively with measures of shareholder power, positively with signs of agency costs, and

³ *Comments on Rulemaking Petition: Petition to require public companies to disclose to shareholders the use of corporate resources for political activities*, U.S. SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2cGUr9G> (viewed on April 16, 2017).

⁴ Comments of the North Carolina, Rhode Island, Washington, Vermont, and Oregon State Treasurers to the U.S. Securities and Exchange Commission regarding the rulemaking petition 4-637 <http://bit.ly/2cmcdyG>.

⁵ Comments of the Maryland State Retirement Agency to the U.S. Securities and Exchange Commission regarding the rulemaking petition 4-637 <http://bit.ly/2cGC9V4>.

⁶ Comments of the New York State Comptroller to the U.S. Securities and Exchange Commission regarding the rulemaking petition 4-637 <http://bit.ly/2cdnaQf>.

⁷ Comments of organizations representing \$690 billion in assets to the U.S. Securities and Exchange Commission regarding the rulemaking petition 4-637 <http://bit.ly/2cm8FMG>.

⁸ Comments of 79 foundations to the U.S. Securities and Exchange Commission regarding the rulemaking petition 4-637 <http://bit.ly/2bZjsMk>.

⁹ *Comments on Disclosure Effectiveness*, U.S. SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2cebA8x> (viewed on September 7, 2016).

¹⁰ *Comments on Concept Release: Business and Financial Disclosure Required by Regulation S-K*, U.S. SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2cgsuTZ> (viewed on September 8, 2016).

negatively with shareholder value.”¹¹ Professor Coates’ findings are supported by a subsequent empirical study¹² published in the *Strategic Management Journal*, which found that cumulative political investments tend to have a deleterious effect on both market and accounting performance over time. This evidence suggests that, due to its potential impact on investments, information about a company’s political spending is “material” to a company’s investors. Information is considered “material” to an investor if “there is a substantial likelihood that a reasonable shareholder would consider it important” in making an investment decision.¹³

Although majority support for a shareholder proposal is not a legally binding directive to management to change the company’s policies, it is a key guide post. Corporate executives typically take shareholders’ views very seriously, and it is not a good practice for executives to disregard shareholders’ call for reform. Despite how critically important information on a company’s political spending is to investors, proponents are sometimes met with the argument that low shareholder support for this disclosure is indicative of lack of shareholder interest. This report shows that this argument does not tell the whole story since the major mutual fund companies control such a significant portion of voting shares at major companies and they typically have not supported increased political spending disclosure.

In Corporate Elections, Major Mutual Fund Companies Have Significant Voting Power

Major mutual fund companies like Vanguard, BlackRock, and Fidelity can have a profound impact on the outcome of corporate elections because of the significant number of votes they control. This is particularly true of Vanguard, which owns more than 5 percent of every company covered in this report except one. The mutual fund giant manages \$4 trillion in global assets with more than 20 million investors around the world.¹⁴ As one of the largest managers of retirement savings in the country, Vanguard should support shareholders who are calling for big companies to disclose their political spending, but instead it either abstains from voting or votes against disclosure resolutions.

Furthermore, Vanguard has signed on to the United Nations Principles for Responsible Investment (PRI), which is a set of principles that when followed are designed to create a more sustainable global financial system. PRI envisions a system that “will reward long-term, responsible investment and benefit the environment and society as a whole.”¹⁵ By signing on, Vanguard committed to implementing six principles of sustainable investing. Specifically, the third principle commits to “seeking appropriate disclosure on [environmental, social, and governance] issues by the entities in which you invest,” including “supporting shareholder initiatives and resolutions promoting ESG

¹¹John C. Coates, IV, *Corporate Politics, Governance, and Value Before and After Citizens United*, JOURNAL OF EMPIRICAL LEGAL STUDIES, <http://bit.ly/2oTlKyI> (July 6, 2012).

¹²Michael Hadani and Douglas A. Schuler, *In search of El Dorado: The elusive financial returns on corporate political investments* 34 STRATEGIC MANAGEMENT JOURNAL 165-181 (2013) <http://bit.ly/2cGXe2V>.

¹³*Final Rule: Selective Disclosure and Insider Trading, Securities and Exchange Commission*, 17 CFR Parts 240, 243, and 249 (Aug. 24, 2000), <http://bit.ly/2pFUxDQ>.

¹⁴*Fast facts about Vanguard*, THE VANGUARD GROUP, INC., <https://vgi.vg/2oHlpRF> (viewed on April 14, 2017).

¹⁵*About the PRI*, PRI ASSOCIATION, <http://bit.ly/1TVXE0v> (viewed on April 14, 2017).

disclosure.”¹⁶ “ESG” refers to environmental, social, and governance issues. Shareholder proposals on political spending disclosure fall into that category. Therefore, by not supporting political spending disclosure, Vanguard is not living up to its PRI commitment.

Vanguard and other large mutual fund companies have increasingly faced pressure from clients, the press, watchdog groups, investors and others to reevaluate their proxy voting habits because of the significant stake they own in the country’s largest companies. Notably, 65,000 prospective and current Vanguard customers wrote to the mutual fund company last year asking it to support disclosure.¹⁷

Historically, Vanguard’s guidelines for determining whether to use its shares to support an ESG resolution stipulated that the decision to disclose or change a company’s business practices “should be the province of company management unless they have a significant, tangible impact on the value of a fund’s investment and management is not responsive to the matter.” Vanguard has since tempered its position, determining that “the funds will evaluate each proposal on its merits and may support those where we believe there is a logically demonstrable linkage between the specific proposal and long-term shareholder value of the company.”¹⁸

While this updated language is certainly a shift in the right direction, the proof is in the proxy voting. Because of its significant ownership stakes, the way Vanguard votes its shares is critically important. For example, if just Vanguard changed the way it voted its shares on the political spending disclosure shareholder resolutions at NextEra Energy Inc. and NRG Energy Inc. in 2016 the proposals would have reached majority support (51.8 percent and 51.0 percent, respectively). As a steward of American families’ retirement savings, Vanguard should vote its shares in the best interest of its clients and support disclosure.

Methodology

The goal of this report was to determine what would happen if the major mutual fund companies used their voting shares to support political spending disclosure shareholder proposals at public companies in 2016. In order to do this, it was necessary to determine how many voting shares the mutual funds controlled, how the mutual funds actually cast their votes in 2016, and the breakdown of all votes cast at companies on political spending disclosure proposals.

The annual report that a company makes publicly available to shareholders details the number of voting shares held by entities that own more than 5 percent of common stock. At almost all of the companies where political spending disclosure proposals were filed in 2016, one or more mutual fund companies owned more than 5 percent of common stock. This made it possible to determine exactly how many voting shares some mutual fund companies controlled for each of these

¹⁶ *The Six Principles*, PRI ASSOCIATION, <http://bit.ly/2oHqOsQ> (viewed on April 14, 2017).

¹⁷ Eleanor Bloxham, *Corporate Political Donations and Lobbying Are Still Trapped in a Murky, Dark Cloud*, FORTUNE (March 07, 2016), <http://for.tn/2nNaE1V>.

¹⁸ Press Release, Public Citizen, *Mutual Fund Giant Vanguard Updates Its Proxy Voting Guidelines on Environmental and Social Issues* (April 5, 2017), <http://bit.ly/2oCrT65>.

companies in 2016. At Amazon.com Inc., no mutual fund company owned more than 5 percent in 2016, so Amazon.com Inc. was excluded from the report universe despite having a political spending disclosure proposal go up for a vote.

The mutual fund voting data used in this report was provided by Fund Votes, an independent project that tracks institutional proxy voting. Fund Votes' data examines mutual fund voting data that is filed annually with the SEC. Since mutual fund companies are made up of many (sometimes hundreds of) individual mutual funds, Fund Votes uses a specific method to assign an overall vote to the mutual fund company as a whole on a particular proposal. If 75 percent of the funds within a fund family vote the same way on a particular item then that vote is assigned to the whole fund family. Where the 75 percent threshold for any given vote within that mutual fund family did not occur, Fund Votes deems that vote "mix." However, no "mix" votes occurred in the data set examined in this report.

Public companies that are subject to shareholder proposals file with the SEC the breakdown of shares voted for, against, or abstained on all shareholder proposals after their annual shareholder meeting, and that form is available on the SEC's website.

Companies typically use one of two methods to calculate support for shareholder resolutions. One way simply divides the number of votes "for" by the total number of votes "for" and "against." This is the same method that the SEC uses to determine whether a shareholder proposal has received enough support to be re-filed with the same company the following year. A method used by some companies to calculate support counts abstentions as votes "against" a proposal. This means that support for the proposal is calculated by dividing the total votes "for" by the sum of the votes "for," "against," and "abstained." Companies explain the method they use in their public proxy statement.

This report fundamentally assumes that the "against" and "abstain" votes by mutual funds whose votes are reported (due to their controlling more than 5 percent of shares) are converted to "for" votes. From there, this report defaults to the method used by each company. So, in cases where a company does not count abstentions, abstentions are not included in the revised (hypothetical) calculation of support for a measure. However, in cases where a company counts abstentions as votes "against," this report calculates the new support percentage by dividing the new "for" votes by the revised number of votes "for," "against," and "abstained."

Findings

The report shows that out of 25 companies that had political spending disclosure shareholder proposals up for a vote in 2016 (this excludes Amazon where no mutual funds own more than 5 percent of common stock), 16 proposals would have received majority support if the major mutual fund companies that own more than 5 percent of common stock had switched their votes and supported the proposals. In other words, 64 percent of proposals would have received majority support if mutual fund companies changed their votes. This total is up 15 proposals from the one that actually received majority support in 2016 using the companies' methods of calculation.

Even at the companies that still did not reach majority support even with the mutual fund votes converted, support for the shareholder resolutions increased 7.6 to 20.9 percentage points, further illustrating the significance of the mutual fund ownership. At companies like Alphabet Inc. (the parent company of Google) and Wynn Resorts Limited, significant ownership is held by the board, company founders, and asset managers that are not mutual fund companies. This is why even after changing the mutual fund vote, support for the proposal remains relatively low (16.8 percent and 24.8 percent, respectively).

At the one company where the political spending disclosure resolution received a majority in 2016 according to the company's method of calculating support, the addition of the mutual fund vote sent overall support into the stratosphere. Support for disclosure at Fluor Corporation would have hit 80.2 percent, up from 52.5 percent if Vanguard, JPMorgan Chase, and BlackRock had changed their votes.

Change in Shareholder Support for Political Spending Disclosure Proposals in 2016 with Mutual Fund Votes

Company	Without mutual funds	With mutual funds
Aetna Inc.	25.5%	57.5%
Alphabet Inc.	9.1%	16.8%
American Airlines Group Inc.	21.4%	50.5%
AT&T Inc.	29.0%	49.9%
Cabot Oil & Gas Corporation	27.5%	55.9%
CarMax Inc.	24.4%	68.8%
Danaher Corporation	29.0%	49.3%
DTE Energy Company	26.4%	51.7%
Emerson Electric Co.	26.7%	43.9%
Express Scripts Holding Company	27.0%	52.3%
Fluor Corporation	52.5%	80.2%
McKesson Corporation	35.3%	60.1%
NextEra Energy Inc.	42.7%	61.7%
NIKE Inc.	28.5%	41.7%
NiSource Inc.	42.4%	72.3%
NRG Energy Inc.	41.6%	77.3%

Company	Without mutual funds	With mutual funds
Pinnacle West Capital Corporation	34.5%	65.1%
Range Resources Corporation	36.4%	66.1%
Spectra Energy Corp	26.9%	45.0%
The Allstate Corporation	21.8%	37.1%
The Travelers Companies Inc.	30.1%	56.6%
The Western Union Company	31.8%	76.6%
Verizon Communications Inc.	30.3%	49.2%
Wyndham Worldwide Corporation	31.7%	63.6%
Wynn Resorts Limited	14.6%	24.8%

Source: Public Citizen analysis of mutual fund ownership, mutual fund votes, and total votes on political spending disclosure proposals. Details about each plus abstention policies for each company are included in the appendix.

As stated earlier, Vanguard's significant ownership stakes means it has significant voting power. In 2016, Vanguard voted against or abstained from voting on every single political spending disclosure shareholder proposal examined in this report. At companies where abstentions counted as votes "against," Vanguard abstained on political spending disclosure proposals. At companies where abstentions did not count at all, Vanguard voted against these proposals, thereby presenting a consistent pattern of opposition.

Vanguard's Voting Record on Political Spending Disclosure Shareholder Resolutions in 2016

Company	Did abstentions count as votes against?	Vanguard's vote
Aetna Inc.	No	AGAINST
Alphabet Inc.	Yes	ABSTAIN
American Airlines Group Inc.	Yes	ABSTAIN
AT&T Inc.	No	AGAINST
Cabot Oil & Gas Corporation	Yes	ABSTAIN
CarMax Inc.	No	AGAINST
Danaher Corporation	Yes	ABSTAIN
DTE Energy Company	No	AGAINST

Company	Did abstentions count as votes against?	Vanguard's vote
Emerson Electric Co.	Yes	ABSTAIN
Express Scripts Holding Company	Yes	ABSTAIN
Fluor Corporation	Yes	ABSTAIN
McKesson Corporation	Yes	ABSTAIN
NextEra Energy Inc.	No	AGAINST
NIKE Inc.	No	AGAINST
NiSource Inc.	Yes	ABSTAIN
NRG Energy Inc.	Yes	ABSTAIN
Pinnacle West Capital Corporation	No	AGAINST
Range Resources Corporation	Yes	ABSTAIN
Spectra Energy Corp	Yes	ABSTAIN
The Allstate Corporation	yes	ABSTAIN
The Travelers Companies Inc.	Yes	ABSTAIN
The Western Union Company	Yes	ABSTAIN
Verizon Communications Inc.	No	AGAINST
Wyndham Worldwide Corporation	Yes	ABSTAIN
Wynn Resorts Limited	No	AGAINST

Source: Public Citizen review of each company's proxy voting policies on abstentions and Vanguard voting data. Links to each company's proxy statement are available in the appendix. Vanguard voting data provided by Fund Votes which compiled the data from the mutual fund's publicly-available N-PX filings with the SEC.

If Vanguard alone had changed its proxy votes in 2016 to support the political spending disclosure proposals, overall support for the proposals would have increased 2.48 to 13.68 percentage points and proposals at NextEra Energy Inc. and NRG Energy Inc. would have reached majority support (51.8 percent and 51.0 percent, respectively).

Conclusion

Responsible corporate governance requires the involvement of informed shareholders. Holding management accountable and ensuring that political spending decisions are made transparently and in pursuit of sound business is important for the market. Given the potential risk posed to long-term performance, corporations should disclose their political spending so shareholders can assess its effect.

Proponents of political spending disclosure are sometimes met with the argument that low shareholder support for this disclosure is indicative of lack of shareholder interest. This report shines a light on how mutual fund apathy undermines progress on common-sense disclosure practice. The size of mutual fund ownership drowns out the voices of other shareholders and their tendency to not support improved disclosure makes it appear as though shareholders in general are not interested in increased political spending disclosure.

Why are mutual fund companies so keen to follow boards' recommendations instead of supporting the disclosure of information material to their clients? Academics and corporate governance experts have conducted studies to determine whether there are concrete ties between mutual fund company management of corporate retirement plans and mutual fund company proxy voting patterns. One such study found significant correlation between the fees paid to mutual funds by companies for 401(k) management and those mutual funds' voting with management on shareholder proposals at the corresponding companies.¹⁹

Public companies should be upfront and honest with their shareholders about their political spending so that shareholders can determine whether it is really in their best interest. Furthermore, rather than stand in the way of progress on disclosure, mutual fund companies should be leaders in encouraging political spending transparency so that they can better understand the market and invest more strategically for their retail investor clients. Vanguard, in particular, as one of the largest managers of Americans' retirement funds, should change its proxy voting guidelines and habits to support disclosure. Forty years ago Vanguard's founder, Jack Bogle, started the company with a novel vision for the time – that a mutual fund company should be owned by the shareholders of its funds and not just by management.²⁰ Vanguard's current management should honor that shareholder-focused vision by pushing companies to be honest with all of their shareholders— including those who invest through Vanguard and other mutual funds— about any and all political spending.

¹⁹ DRAGANA CVIJANOVIĆ, AMIL DASGUPTA, KONSTANTINOS ZACHARIADIS, TIES THAT BIND: HOW BUSINESS CONNECTIONS AFFECT MUTUAL FUND ACTIVISM, at 13 (April 2014), <http://bit.ly/2onwRzC>.

²⁰ *Vanguard's founder: shareholders have a "right to know what we are all doing,"* CORPORATE REFORM COALITION, <http://bit.ly/2oEDQIH> (viewed on April 28, 2017).

Appendix I

Mutual Fund Corporate Ownership and Votes on Political Spending Disclosure Proposals in 2016

Aetna Inc.

Mutual Fund Beneficial Ownership:				Total votes	Total votes	Total votes	Actual	Support with
BlackRock (8.19%); State Street (6.26%); Vanguard (5.77%); T. Rowe Price (5.5%)				For	Against	Abstained	Support	mutual fund votes in favor
Company's method of calculating support for proxy vote: Abstentions do not count as votes against								
BlackRock shares (Against)	State Street shares (Against)	Vanguard shares (Against)	T. Rowe shares (Against)	71,505,286	209,240,219	17,604,250	25.5%	57.5%
28,629,983	21,870,743	20,151,045	19,210,001					

Source: *Definitive Proxy Statement*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2ofVptT> (viewed on April 14, 2017).; *Form 8-K*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2oImmdb> (viewed on April 14, 2017).; Mutual fund voting data provided by Fund Votes.

The Allstate Corporation

Mutual Fund Beneficial Ownership:		Total votes	Total votes	Total votes	Actual	Support with
BlackRock (5.9%); Vanguard (5.57%)		For	Against	Abstained	Support	mutual fund votes in favor
Company's method of calculating support for proxy vote: Abstentions count as votes against						
BlackRock shares (Against)	Vanguard shares (Abstain)	63,166,459	189,406,698	37,196,128	21.8%	37.1%
22,686,831	21,577,196					

Source: *Definitive Proxy Statement*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2nNswK2> (viewed on April 14, 2017).; *Form 8-K*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2oleMPN> (viewed on April 14, 2017).; Mutual fund voting data provided by Fund Votes.

Alphabet Inc.

Mutual Fund Beneficial Ownership:			Total votes	Total votes	Total votes	Actual	Support with
Fidelity (6.3%); BlackRock (5.9%); Vanguard (5.9%)			For	Against	Abstained	Support	mutual fund votes in favor
Company's method of calculating support for proxy vote: Abstentions count as votes against							
Fidelity shares (Abstain)	BlackRock shares (Against)	Vanguard shares (Abstain)	63,557,221	583,976,479	47,406,639	9.1%	16.8%
18,397,196	17,412,936	17,256,856					

Source: *Definitive Proxy Statement*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2pjkrd4> (viewed on April 14, 2017).; *Form 8-K*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2ocKiCt> (viewed on April 14, 2017).; Mutual fund voting data provided by Fund Votes.

American Airlines Group Inc.

Mutual Fund Beneficial Ownership:		Total votes	Total votes	Total votes	Actual	Support with
T. Rowe Price (14.1%); Vanguard (6.1%)		For	Against	Abstained	Support	mutual fund
Company's method of calculating support for proxy vote:						
Abstentions count as votes against						
T. Rowe shares (Against)	Vanguard shares (Abstain)	86,902,932	226,655,752	92,211,922	21.4%	50.5%
82,356,937	35,475,813					

Source: *Definitive Proxy Statement*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2ovwbJC> (viewed on April 14, 2017).; *Form 8-K*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2ozEICk> (viewed on April 14, 2017).; Mutual fund voting data provided by Fund Votes.

AT&T Inc.

Mutual Fund Beneficial Ownership:		Total votes	Total votes	Total votes	Actual	Support with
Vanguard (5.83%); BlackRock (5.5%)		For	Against	Abstained	Support	mutual fund
Company's method of calculating support for proxy vote:						
Abstentions do not count as votes against						
Vanguard shares (Against)	BlackRock shares (Against)	961,926,857	2,357,515,129	198,927,811	29.0%	49.9%
358,813,013	335,530,369					

Source: *Definitive Proxy Statement*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2nNqVE1> (viewed on April 14, 2017).; *Form 8-K*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2og0r9s> (viewed on April 14, 2017).; Mutual fund voting data provided by Fund Votes.

Cabot Oil & Gas Corporation

Mutual Fund Beneficial Ownership:					Total votes	Total votes	Total votes	Actual	Support with
Vanguard (8.87%); American (7.7%); BlackRock (6.8%); State Street (6.3%); Fidelity (5.15%)					For	Against	Abstained	Support	mutual fund
Company's method of calculating support for proxy vote:									
Abstentions count as votes against									
Vanguard shares (Abstain)	American shares (Against)	BlackRock shares (Against)	State Street shares (For)	Fidelity shares (Abstain)	114,176,179	214,561,448	86,698,069	27.5%	55.9%
36,735,278	31,940,528	28,169,844	25,896,080	21,297,498					

Source: *Definitive Proxy Statement*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2ovzEIS> (viewed on April 14, 2017).; *Form 8-K*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2pBwZvJ> (viewed on April 14, 2017).; Mutual fund voting data provided by Fund Votes.

CarMax Inc.

Mutual Fund Beneficial Ownership:				Total votes	Total votes	Total votes	Actual	Support with
T. Rowe Price (14.63); Vanguard (8.82%); PRIMECAP (7.02%); BlackRock (5.57%)				For	Against	Abstained	Support	mutual fund
Company's method of calculating support for proxy vote:								
Abstentions do not count as votes against								
T. Rowe shares (Against)	Vanguard shares (Against)	PRIMECAP shares (Against)	BlackRock shares (Against)	38,589,206	119,588,227	1,219,938	24.4%	68.8%
28,350,854	17,094,317	13,613,527	11,174,412					

Source: *Definitive Proxy Statement*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2nNDijB> (viewed on April 14, 2017).; *Form 8-K*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2ocDvbV> (viewed on April 14, 2017).; Mutual fund voting data provided by Fund Votes.

Danaher Corporation

Mutual Fund Beneficial Ownership:		Total votes	Total votes	Total votes	Actual	Support with
T. Rowe Price (11.5%); Fidelity (5.8%)		For	Against	Abstained	Support	mutual fund
Company's method of calculating support for proxy vote:						
Abstentions count as votes against						
T. Rowe shares (Against)	Fidelity shares (Abstain)	169,695,708	337,274,678	78,622,971	29.0%	49.3%
79,440,338	39,633,681					

Source: *Definitive Proxy Statement*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2p3R3eb> (viewed on April 14, 2017).; *Form 8-K*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2ocNcas> (viewed on April 14, 2017).; Mutual fund voting data provided by Fund Votes.

DTE Energy Company

Mutual Fund Beneficial Ownership:		Total votes	Total votes	Total votes	Actual	Support with
Vanguard (8.7%); BlackRock (7.5%)		For	Against	Abstained	Support	mutual fund
Company's method of calculating support for proxy vote:						
Abstentions do not count as votes against						
Vanguard shares (Against)	BlackRock shares (Against)	30,266,220	84,460,706	4,862,422	26.4%	51.7%
15,694,218	13,401,026					

Source: *Definitive Proxy Statement*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2ofYmdO> (viewed on April 14, 2017).; *Form 8-K*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2p3KoQU> (viewed on April 14, 2017).; Mutual fund voting data provided by Fund Votes.

Emerson Electric Co.

Mutual Fund Beneficial Ownership:		Total votes	Total votes	Total votes	Actual	Support with
Vanguard (6.4%); BlackRock (5.8%)		For	Against	Abstained	Support	mutual fund
Company's method of calculating support for proxy vote:						
Abstentions count as votes against						
Vanguard shares (Abstain)	BlackRock shares (Against)	123,405,994	269,154,180	69,666,867	26.7%	43.9%
41,651,728	37,680,128					

Source: *Definitive Proxy Statement*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2oIl5TD> (viewed on April 14, 2017).; *Form 8-K*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2ozF6v4> (viewed on April 14, 2017).; Mutual fund voting data provided by Fund Votes.

Express Scripts Holding Company

Mutual Fund Beneficial Ownership:			Total votes	Total votes	Total votes	Actual	Support with
Capital World Investors (American Funds) (6.72); Vanguard (6.05%); BlackRock (5.66%)			For	Against	Abstained	Support	mutual fund
Company's method of calculating support for proxy vote:							
Abstentions count as votes against							
American shares (Against)	Vanguard shares (Abstain)	BlackRock shares (Against)	131,310,575	299,956,323	55,149,458	27.0%	52.3%
44,862,058	40,444,684	37,804,297					

Source: *Definitive Proxy Statement*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2ozNgmk> (viewed on April 14, 2017).; *Form 8-K*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2pjJKW7> (viewed on April 14, 2017).; Mutual fund voting data provided by Fund Votes.

Fluor Corporation

Mutual Fund Beneficial Ownership: Total votes Total votes Total votes Actual Support with
 Clearbridge Investments (9.2); Vanguard (8.4%); JP Morgan For Against Abstained Support mutual fund
 Chase (6.8%); BlackRock (5.9%) votes in favor

Company's method of calculating support for proxy vote:
 Abstentions count as votes against

Clearbridge shares (For)	Vanguard shares (Abstain)	Chase shares (Against)	BlackRock shares (Against)	55,498,062	34,188,115	16,047,912	52.5%	80.2%
12,831,679.00	11,691,420	9,484,362	8,132,327					

Source: *Definitive Proxy Statement*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2ofZr5k> (viewed on April 14, 2017).; *Form 8-K*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2pBCUAT> (viewed on April 14, 2017).; Mutual fund voting data provided by Fund Votes.

McKesson Corporation

Mutual Fund Beneficial Ownership: Total votes Total votes Total votes Actual Support
 BlackRock (7.6%); T. Rowe Price (6.8%); Vanguard (5.9%) For Against Abstained Support with mutual
 Company's method of calculating support for proxy vote: fund votes
 Abstentions count as votes against in favor

BlackRock shares (Against)	T. Rowe shares (Against)	Vanguard shares (Abstain)	64,654,850	80,951,553	37,782,081	35.3%	60.1%
17,130,013	15,245,750	13,239,148					

Source: *Definitive Proxy Statement*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2p3Y1Qf> (viewed on April 14, 2017).; *Form 8-K*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2ovyVGE> (viewed on April 14, 2017).; Mutual fund voting data provided by Fund Votes.

NextEra Energy Inc.

Mutual Fund Beneficial Ownership: Total votes Total votes Total votes Actual Support with
 BlackRock (7.2%); Vanguard (6.6%) For Against Abstained Support mutual fund votes
 Company's method of calculating support for proxy vote: in favor
 Abstentions do not count as votes against

BlackRock shares (Against)	Vanguard shares (Against)	143,653,412	192,384,109	15,885,885	42.7%	61.7%
33,201,900	30,478,440					

Source: *Definitive Proxy Statement*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2ocYNGx> (viewed on April 14, 2017).; *Form 8-K*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2nNApPI> (viewed on April 14, 2017).; Mutual fund voting data provided by Fund Votes.

NIKE Inc.

Mutual Fund Beneficial Ownership: Total votes Total votes Total votes Actual Support with
 Vanguard (6.4%); Fidelity (6.2%); BlackRock (5.9%) For Against Abstained Support mutual fund
 Company's method of calculating support for proxy vote: votes in favor
 Abstentions do not count as votes against

Vanguard shares (Against)	Fidelity shares (Abstain)	BlackRock shares (Against)	357,615,603	895,904,015	94,021,536	28.5%	45.3
85,903,718	83,582,120	79,242,404					

Source: *Definitive Proxy Statement*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2ozKGO9> (viewed on April 14, 2017).; *Form 8-K*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2ofErvA> (viewed on April 14, 2017).; Mutual fund voting data provided by Fund Votes.

NiSource Inc.

Mutual Fund Beneficial Ownership:			Total votes	Total votes	Total votes	Actual	Support with
T. Rowe Price (9.8); Vanguard (8.8%); BlackRock (5.7%)			For	Against	Abstained	Support	mutual fund
Company's method of calculating support for proxy vote:							votes in favor
Abstentions count as votes against							
T. Rowe shares (Against)	Vanguard shares (Abstain)	BlackRock shares (Against)	110,413,627	109,203,512	40,526,458	42.4%	72.3%
31,533,011	28,165,168	18,087,261					

Source: *Definitive Proxy Statement*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2ovC89j> (viewed on April 14, 2017).; *Form 8-K*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2pgju8b> (viewed on April 14, 2017).; Mutual fund voting data provided by Fund Votes.

NRG Energy Inc.

Mutual Fund Beneficial Ownership:				Total votes	Total votes	Total votes	Actual	Support with
Hotchkins & Wiley (10.93%); Vanguard (8.29%); BlackRock (7.13%); State Street (5.09%)				For	Against	Abstained	Support	mutual fund
Company's method of calculating support for proxy vote:								votes in favor
Abstentions count as votes against								
Hotchkins shares (Against)	Vanguard shares (Abstain)	BlackRock shares (Against)	State Street shares (Against)	115,522,914	118,192,329	44,148,359	41.6%	77.3%
34,539,407	26,178,140	22,518,781	16,087,944					

Source: *Definitive Proxy Statement*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2ozOT4v> (viewed on April 14, 2017).; *Form 8-K*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2pBx96c> (viewed on April 14, 2017).; Mutual fund voting data provided by Fund Votes.

Pinnacle West Capital Corporation

Mutual Fund Beneficial Ownership:			Total votes	Total votes	Total votes	Actual	Support with
BlackRock (9.0%); Vanguard (8.6%); State Street (5.2%)			For	Against	Abstained	Support	mutual fund
Company's method of calculating support for proxy vote:							votes in favor
Abstentions do not count as votes against							
BlackRock shares (Against)	Vanguard shares (Against)	State Street shares (Against)	28,505,399	54,181,186	1,545,392	34.5%	65.1%
9,967,430	9,550,910	5,803,655					

Source: *Definitive Proxy Statement*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2ovrKym> (viewed on April 14, 2017).; *Form 8-K*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2ovnvTr> (viewed on April 14, 2017).; Mutual fund voting data provided by Fund Votes.

Range Resources Corporation

Mutual Fund Beneficial Ownership:			Total votes	Total votes	Total votes	Actual	Support with
American (9.2%); Vanguard (8.5%); BlackRock (6.7%)			For	Against	Abstained	Support	mutual fund
Company's method of calculating support for proxy vote:							votes in favor
Abstentions count as votes against							
American shares (Against)	Vanguard shares (Abstain)	BlackRock shares (Against)	50,568,562	66,141,995	22,091,120	36.4%	66.1%
15,581,143	14,378,770	11,287,558					

Source: *Definitive Proxy Statement*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2p3TCNF> (viewed on April 14, 2017).; *Form 8-K*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2nNCuuT> (viewed on April 14, 2017).; Mutual fund voting data provided by Fund Votes.

Spectra Energy Corp

Mutual Fund Beneficial Ownership:		Total votes	Total votes	Total votes	Actual	Support with
BlackRock (6.2%); Vanguard (6.18%)		For	Against	Abstained	Support	mutual fund
Company's method of calculating support for proxy vote:						
Abstentions count as votes against						
BlackRock	Vanguard	123,257,732	264,799,632	70,504,785	26.9%	45.0%
shares	shares					
(Against)	(Abstain)					
41,352,717	41,555,664					

Source: *Definitive Proxy Statement*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2pghe0P> (viewed on April 14, 2017).; *Form 8-K*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2ozW5gT> (viewed on April 14, 2017).; Mutual fund voting data provided by Fund Votes.

The Travelers Companies Inc.

Mutual Fund Beneficial Ownership:			Total votes	Total votes	Total votes	Actual	Support with
BlackRock (7.4%); Vanguard (6.1%); State Street (6.0%)			For	Against	Abstained	Support	mutual fund votes
Company's method of calculating support for proxy vote:							
Abstentions count as votes against							
BlackRock	Vanguard	State	67,759,263	126,614,281	30,396,477	30.1%	56.6%
shares	shares	Street					
(Against)	(Abstain)	shares					
		(Against)					
22,490,567	18,557,505	18,322,892					

Source: *Definitive Proxy Statement*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2nNnpJL> (viewed on April 14, 2017).; *Form 8-K*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2og0kei> (viewed on April 14, 2017).; Mutual fund voting data provided by Fund Votes.

Verizon Communications Inc.

Mutual Fund Beneficial Ownership:		Total votes	Total votes	Total votes	Actual	Support with
BlackRock (6.3%); Vanguard (5.9%)		For	Against	Abstained	Support	mutual fund
Company's method of calculating support for proxy vote:						
Abstentions do not count as votes against						
BlackRock	Vanguard	800,563,251	1841,000,101	122,842,090	30.3%	49.2%
shares	shares					
(Against)	(Against)					
258,211,194	239,647,897					

Source: *Definitive Proxy Statement*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2ovtMOV> (viewed on April 14, 2017).; *Form 8-K*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2olqNF3> (viewed on April 14, 2017).; Mutual fund voting data provided by Fund Votes.

The Western Union Company

Mutual Fund Beneficial Ownership:				Total votes	Total votes	Total votes	Actual	Support with
American (13.1%); Vanguard (9.21%); Fidelity (8.838%); BlackRock (5.9%)				For	Against	Abstained	Support	mutual fund
Company's method of calculating support for proxy vote:								
Abstentions count as votes against								
American	Vanguard	Fidelity	BlackRock	132,776,274	185,576,395	99,449,660	31.8%	76.6%
shares	shares	shares	shares					
(Against)	(Abstain)	(Abstain)	(Against)					
66,309,190	46,577,841	44,661,062	29,797,872					

Source: *Definitive Proxy Statement*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2oviZoc> (viewed on April 14, 2017).; *Form 8-K*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2oltsPb> (viewed on April 14, 2017).; Mutual fund voting data provided by Fund Votes.

Wyndham Worldwide Corporation

Mutual Fund Beneficial Ownership:				Total votes	Total votes	Total votes	Actual	Support with
Vanguard (8.91%); Fidelity (7.15%); BlackRock (6.12%); American (5.22%)				For	Against	Abstained	Support	mutual fund votes in favor
Company's method of calculating support for proxy vote: Abstentions count as votes against								
Vanguard shares (Abstain)	Fidelity shares (Abstain)	BlackRock shares (Against)	American shares (Against)	30,531,771	45,570,759	20,215,502	31.7%	63.6%
9,990,134	8,017,308	6,863,492	5,850,600					

Source: *Definitive Proxy Statement*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2pBL9Nw> (viewed on April 14, 2017).; *Form 8-K*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2og2cnk> (viewed on April 14, 2017).; Mutual fund voting data provided by Fund Votes.

Wynn Resorts Limited

Mutual Fund Beneficial Ownership: Vanguard (6.8%)				Total votes	Total votes	Total votes	Actual	Support with
Company's method of calculating support for proxy vote: Abstentions do not count as votes against				For	Against	Abstained	Support	mutual fund votes in favor
Vanguard shares (Against)				9,930,081	58,018,997	702,641	14.6%	24.8%
6,922,233								

Source: *Definitive Proxy Statement*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2pC02ze> (viewed on April 14, 2017).; *Form 8-K*, SECURITIES AND EXCHANGE COMMISSION, <http://bit.ly/2pBUSDn> (viewed on April 14, 2017).; Mutual fund voting data provided by Fund Votes.