New York City Comptroller
John C. Liu

NEWS RELEASE

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Contact: Matthew Sweeney, (212) 669-3747

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Page(s): 7

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LIU, NYC PENSION FUNDS CALL FOR PROXY ACCESS AT CHESAPEAKE ENERGY

One of 13 Shareowner Proposals Seeking Greater Board of Director Accountability and Independence at Portfolio Companies

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NEW YORK, NY – Comptroller John C. Liu and the New York City Pension Funds ("the Funds") announced their latest shareowner efforts to make corporate boards of directors more independent and accountable. In four separate shareowner proposals filed at 13 companies the $113 billion Pension Funds are seeking access to the corporate proxy to nominate directors, independent board chairs, declassified boards and majority voting in director elections.

The Comptroller's Office withdrew three of the proposals – board declassification at Juniper Networks (NYSE: JNPR) and majority voting at HollyFrontier (NYSE: HFC) and Hersha Hospitality (NYSE: HT) — after the companies agreed to adopt the requested reforms. The remaining proposals are expected to be subject to shareowner votes at companies' annual meetings this spring.

"Entrenched directors who are not accountable breed lax oversight — and often damage their companies in the process," said Comptroller Liu. "Long-term shareowners need the ability to remove or replace directors who destroy shareowner value or are unresponsive to investor concerns."

Proxy Access Proposal

The Funds have called on Chesapeake Energy, Co. (NYSE: CHK) and Nabors Industries (NYSE: NBR) to allow substantial, long-term shareowners to include their director nominees in the companies' proxy statement. The requested bylaw amendments would enable shareowners to avoid the enormous cost of sending out their own proxy cards when they are dissatisfied with a board and want to run their own candidates for election as directors.

The proposal at Chesapeake was filed in response to concerns with the board's independence from management and its record of ignoring shareowners' concerns. The natural gas producer's board has approved excessive pay packages and other financial perks for its CEO, who is also the board chair.

Additionally, after a majority of shareowners voted to declassify Chesapeake's board — and require its members to seek reelection annually — the company successfully lobbied for a change in Oklahoma law that actually required classified boards at large, publicly-traded firms incorporated in the state.

Nabors also has a history of egregious executive pay and unresponsiveness to shareowner concerns. The proposal was co-filed by a group of public pension funds, as previously disclosed.

The specific terms in the proposals mirror those in a Securities and Exchange Commission rule approved in 2010 that the U.S. Chamber of Commerce and Business Roundtable successfully challenged in federal court: shareowners holding at least 3 percent of the stock for three years could nominate up to 25 percent of the board and place the names on the ballot.

Repeal of Classified Boards Proposal

Comptroller Liu and the Funds filed proposals calling on Juniper Networks (NYSE: JNPR), Airgas, Inc. (NYSE: ARG), Energen Corporation (NYSE: EGN), Lorillard, Inc. (NYSE: LO), and CF Industries Holdings, Inc. (NYSE: CF) to repeal their classified board structures and require all directors to run in annual elections. The Funds recently withdrew the proposal at Juniper, where it received a 98% vote in 2011, after the company agreed to adopt the request.

Firms that have classified boards stagger the terms served by directors, ensuring that a majority of them never face reelection at any one time. This structure insulates individual directors from accountability on an annual basis and serves as a potent takeover defense, since it can take two years for a hostile bidder to wrest control of the board. Classified boards are negatively correlated with company performance.

Independent Board Chair Proposal

To enhance the board of directors' role as an independent overseer of management, Comptroller Liu and the Funds submitted proposals at Philip Morris International (NYSE: PM) and Mylan, Inc. (NASDAQ: MYL) that would bar current or former employees from being board chairs.

Boards are meant to provide independent oversight of the CEO. A board's independence can be compromised when the board itself is led by the current or former CEO, as is the case at Philip Morris and Mylan, respectively. Insufficiently independent boards are responsible for the problematic pay practices and poor risk oversight that contributed to the financial crisis.

Majority Voting in Director Elections

Under state law, the default standard is for public company directors to be elected by a plurality of votes cast, rather than by a majority of votes cast. In an uncontested election, this means a nominee for the board can be elected with as little as a single affirmative vote, even if a substantial majority of the votes cast are "withheld" from the nominee.

By now nearly 80 percent of large companies have adopted some form of majority voting standard for director elections, but only 34 percent of S&P MidCap companies and 15 percent of SmallCap companies had adopted majority voting. Absent majority voting, it is impossible to defeat director nominees who run unopposed.

Comptroller Liu and the Funds filed this proposal at Southern Union Co. (NYSE: SUG), HollyFrontier (NYSE: HFC; formerly Frontier Oil Corp.), GEO Group (NYSE: GEO) and Hersha Hospitality Trust (NYSE: HT). The Pension Funds subsequently withdrew the proposal at HollyFrontier and Hersha Hospitality after those companies adopted majority voting policies.

New York City Comptroller John C. Liu serves as the investment advisor to, custodian and trustee of the New York City Pension Funds. The New York City Pension Funds are composed of the New York City Employees' Retirement System, Teachers' Retirement System, New York City Police Pension Fund, New York City Fire Department Pension Fund and the Board of Education Retirement System. The New York City Pension Funds hold a combined 15,242,414 total shares in Chesapeake Energy, Co. (NYSE: CHK), Nabors Industries, Ltd. (NYSE: NBR), Juniper Networks (NYSE: JNPR), Airgas, Inc. (NYSE: ARG), Energen Corporation (NYSE: EGN), Lorillard, Inc. (NYSE: LO), CF Industries Holdings, Inc. (NYSE: CF), Philip Morris International (NYSE: PM), Mylan, Inc. (NASDAQ: MYL), Southern Union Co. (NYSE: SUG), HollyFrontier (NYSE: HFC; formerly Frontier Oil Corp.), GEO Group (NYSE: GEO) and Hersha Hospitality Trust (NYSE: HT) valued at $689,550,903.81 as of 3/12/2012.

In addition to Comptroller Liu, the New York City Pension Funds trustees are:

New York City Employees' Retirement System: Ranji Nagaswami, Mayor's Representative (Chair); New York City Public Advocate Bill de Blasio; Borough Presidents: Scott Stringer (Manhattan), Helen Marshall (Queens), Marty Markowitz (Brooklyn), James Molinaro (Staten Island), and Ruben Diaz, Jr. (Bronx); Lillian Roberts, Executive Director, District Council 37, AFSCME; John Samuelsen, President Transport Workers Union Local 100; Gregory Floyd, President, International Brotherhood of Teamsters, Local 237.

Teachers' Retirement System: Ranji Nagaswami, Mayor's Representative; Deputy Chancellor Kathleen Grimm, New York City Department of Education; Mayoral appointee Freida Foster and Sandra March, Melvyn Aaronson (Chair) and Mona Romain, all of the United Federation of Teachers.

New York City Police Pension Fund: Mayor Michael Bloomberg; New York City Finance Commissioner David Frankel; New York City Police Commissioner Raymond Kelly (Chair); Patrick Lynch, Patrolmen's Benevolent Association; Michael Palladino, Detectives Endowment Association; Edward D. Mullins, Sergeants Benevolent Association; Thomas Sullivan, Lieutenants Benevolent Association; and, Roy T. Richter, Captain's Endowment Association.

New York City Fire Department Pension Fund: Mayor Michael Bloomberg; New York City Fire Commissioner Salvatore Cassano (Chair); New York City Finance Commissioner David Frankel; Stephen Cassidy, President, James Slevin, Vice President, Robert Straub, Treasurer, and John Kelly, Brooklyn Representative and Chair, Uniformed Firefighters Association of Greater New York; John Dunne, Captains' Rep.; James Lemonda, Chiefs' Rep., and James J. McGowan, Lieutenants' Rep., Uniformed Fire Officers Association; and, Sean O'Connor, Marine Engineers Association.

Board of Education Retirement System: Schools Chancellor Dennis Walcott; Mayoral: Eduardo Marti, Gitte Peng, Jeff Kay; Tino Hernandez, Judy Bergtraum, Freida Foster, and Linda Laursell Bryant; Patrick Sullivan (Manhattan BP), Gbubemi Okotieuro (Brooklyn BP), Dmytro Fedkowskyj (Queens BP), Wilfredo Pagan (Bronx BP) and Diane Peruggia (Staten Island BP); and employee members Joseph D'Amico of the IUOE Local 891 and Milagros Rodriguez of District Council 37, Local 372.

TEXT IN FULL OF THE SHAREOWNER PROPOSALS:

PROXY ACCESS

RESOLVED: The shareowners of Chesapeake Energy Corporation ("Chesapeake") ask the board of directors (the "Board") to adopt, and present for shareowner approval, a "proxy access" bylaw. Such a bylaw shall require Chesapeake to include in proxy materials prepared for a shareowner meeting at which directors are to be elected the name, Disclosure and Statement (as defined herein) of any person nominated for election to the Board by a shareowner or group (the "Nominator") that meets the criteria established below. Chesapeake shall allow shareowners to vote on such nominee on Chesapeake's proxy card.

The number of shareowner-nominated candidates appearing in proxy materials shall not exceed one quarter of the number of directors then serving. This bylaw, which shall supplement existing rights under Chesapeake's bylaws, should provide that a Nominator must:

a) have beneficially owned 3% or more of Chesapeake's outstanding common stock continuously for at least three years before the nomination is submitted;
b) give Chesapeake written notice within the time period identified in Chesapeake's bylaws of the information required by the bylaws and any rules of the Securities and Exchange Commission about (i) the nominee, including consent to being named in the proxy materials and to serving as a director if elected; and (ii) the Nominator, including proof it owns the required shares (the "Disclosure"); and
c) certify that (i) it will assume liability stemming from any legal or regulatory violation arising out of the Nominator's communications with Chesapeake shareowners, including the Disclosure and Statement; (ii) it will comply with all applicable laws and regulations if it uses soliciting material other than Chesapeake's proxy materials; and (c) to the best of its knowledge, the required shares were acquired in the ordinary course of business and not to change or influence control at Chesapeake.

The Nominator may submit with the Disclosure a statement not exceeding 500 words in support of the nominee (the "Statement"). The Board shall adopt procedures for promptly resolving disputes over whether notice of a nomination was timely, whether the Disclosure and Statement satisfy the bylaw and any applicable federal regulations, and the priority to be given to multiple nominations exceeding the one-quarter limit.

SUPPORTING STATEMENT

We believe long-term shareowners should have a meaningful voice in nominating directors. The case for Chesapeake is compelling: the Board has awarded excessive CEO compensation and perquisites despite long-term underperformance, approved extensive related-party transactions with the CEO, and been unresponsive to shareowner concerns.

These are among the reasons shareowners cast 42% of their votes against management's say-on-pay proposal and at least 21% of their votes against two directors, including Chairman and CEO Aubrey McClendon, in 2011; and 40% of their votes against two compensation committee members in 2010.

After a shareowner proposal to declassify the Board received majority votes in 2008 and 2009, Chesapeake lobbied successfully to change Oklahoma law to require classified boards at large, publicly-traded companies incorporated in the state.

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We urge shareowners to vote FOR this proposal.

REPEAL CLASSIFIED BOARD

Submitted by John C. Liu, Jr., Comptroller, City of New York, on behalf of the Boards of Trustees of the New York City Pension Funds

BE IT RESOLVED, that the stockholders request that the Board of Directors take the necessary steps to declassify the Board of Directors and establish annual elections of directors, whereby directors would be elected annually and not by classes. This policy would take effect immediately, and be applicable to the re-election of any incumbent director whose term, under the current classified system, subsequently expires.

SUPPORTING STATEMENT

We believe that the ability to elect directors is the single most important use of the shareowner franchise. Accordingly, directors should be accountable to shareowners on an annual basis. The election of directors by classes, in our opinion, minimizes accountability and precludes the full exercise of the rights of shareowners to approve or disapprove annually the performance of a director or directors.

In addition, since only a fraction of the Board of Directors is elected annually, we believe that classified boards could frustrate, to the detriment of long-term shareowner interest, the efforts of a bidder to acquire control or a challenger to engage successfully in a proxy contest.

We urge your support for the proposal to repeal the classified board and establish that all directors be elected annually.

INDEPENDENT BOARD CHAIR

Submitted by John C. Liu, Jr. Comptroller, City of New York, on behalf of the Boards of Trustees of the New York City Pension Funds & Retirement Systems

Whereas: The Board of Directors of a company is meant to be an independent body, elected by, and accountable to, shareowners;

Whereas: The Board of Directors is charged by law with the duty, authority, and responsibility to formulate and direct corporate policies that serve the interests of the shareowners;

Whereas: The Chair of the Board of Directors is charged with overseeing the Board, with a central role in the Board's selection, independent oversight, and evaluation of the company's chief executive officer (CEO);

Whereas: In order to avoid conflicts-of-interest, and to ensure the independent oversight of the CEO, the Chair of the Board of Directors should not be a current or former employee of the company;

RESOLVED: Shareowners request that the Board of Directors adopt a policy to separate the positions of Chair of the Board of Directors and CEO, and that the Chair of the Board of Directors shall be an independent director, who is not a former or current employee of the company. The policy should allow for departure under extraordinary circumstances, such as the unexpected resignation of the Chair.

SUPPORTING STATEMENT

The recent economic and banking crisis raises the issue of whether boards of directors are providing adequate and effective oversight of management, and protecting the interests of shareowners. The combination of the positions of Chair of the Board of Directors and CEO at a number of the weakened companies has given rise to deep concerns about whether the independent oversight of such boards was compromised by the influence of the CEOs.

While the management of the company is the purview of the CEO, the Board of Directors is obligated to independently oversee the CEO and management, and to protect the interests of the shareowners. Combining the positions of CEO and Chair of the Board of Directors potentially undermines the independence of the Board of Directors, and creates the environment for negative impacts of conflicting interests. As companies move forward beyond the crisis, boards of directors need to be more vigilant and active in adopting, and ensuring compliance with, policies to avert events of such magnitude and impact.

The existence of the non-executive Chair of the Board of Directors is the norm in many countries outside the United States - over 79% of large British companies and all German and Dutch companies have split the positions (Millstein Center for Corporate Governance), and support for this reform is growing in the United States. Approximately 73% of directors on boards with an independent chairperson believe that their companies benefited from the split (Survey, 2008 Public US National Association of Corporate Directors). More that 88% of senior financial executives believe the positions should be separated (Grant Thornton, 2009 Survey).

Director Election Majority Vote Standard Proposal

Resolved: That the shareowners of **[Company].** hereby request that the Board of Directors initiate the appropriate process to amend the Company's governance documents (certificate of incorporation or bylaws) to provide that director nominees shall be elected by the affirmative vote of the majority of votes cast at an annual meeting of shareowners, with a plurality vote standard retained for contested director elections, that is, when the number of director nominees exceeds the number of board seats.

Supporting Statement:

In order to provide shareowners a meaningful role in director elections, our company's director election vote standard should be changed to a majority vote standard. A majority vote standard would require that a nominee receive a majority of the votes cast in order to be elected. The standard is particularly well-suited for the vast majority of director elections in which only board nominated candidates are on the ballot. We believe that a majority vote standard in board elections would establish a challenging vote standard for board nominees and improve the performance of individual directors and entire boards. Our Company presently uses a plurality vote standard in all director elections. Under the plurality vote standard, a nominee for the board can be elected with as little as a single affirmative vote, even if a substantial majority of the votes cast are "withheld" from the nominee.

In response to strong shareowner support for a majority vote standard in director elections, companies are increasingly adopting a majority vote standard in company by-laws. Additionally, these companies have

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adopted director resignation policies in their bylaws or corporate governance policies to address post-election issues related to the status of director nominees that fail to win election.

We believe the critical first step in establishing a meaningful majority vote policy is the adoption of a majority vote standard in Company governance documents. Our Company needs to join the growing list of companies that have taken this action. With a majority vote standard in place, the board can then consider action on developing post election procedures to address the status of directors that fail to win election. A combination of a majority vote standard and a post-election director resignation policy would establish a meaningful right for shareowners to elect directors, while reserving for the board an important post-election role in determining the continued status of an unelected director. We feel that this combination of the majority vote standard with a post-election policy represents a true majority vote standard.

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