

REPORT RELATED TO GLOBAL HIV/AIDS-TB-MALARIA PANDEMICS

Resolved:

Shareholders request that our Board review the economic effects of the HIV/AIDS, tuberculosis and malaria pandemics on the company's business strategy and its initiatives to date, and report to shareholders within six (6) months following the 2006 annual meeting. This report, developed at reasonable costs and omitting proprietary information, will identify the impacts of these pandemics on the company.

Supporting Statement:

Scope of the Pandemics

In 2004, 39.4 million were infected with HIV, an all-time high, and 3.1 million died from the disease. While two-thirds of global HIV cases remain in sub-Saharan Africa, infections are rising in every region of the world. In addition, tuberculosis kills 2 million per year and malaria an additional million. India and Russia have the steepest increases in HIV infection and are also highly exposed to tuberculosis and malaria.

The economic impact of these diseases can be immense. According to the Council on Foreign Relations, eleven African countries will lose over 10% of their workforces by the end of 2006, "an astounding figure that implies stark economic consequences." Moderate HIV/AIDS pandemics in India and China may reduce per capita GNP by 2025 to virtually 2000 levels – wiping out a generation's worth of economic growth, Foreign Affairs reports. Malaria alone is responsible for a 'growth penalty' of up to 1.3% of GNP per year in some countries.

Effects On Our Company

We believe that HIV/AIDS, Tuberculosis and Malaria pose major risks to the long-term financial health of firms, like XXXX, that operate in emerging markets.

A recent report by UBS and F&C Asset Management found, "There is sufficient evidence to suggest that the presence of HIV/AIDS in the workplace adversely affects company profit margins." In some cases "the impact of HIV/AIDS on profitability can be substantial."

Consumers increasingly expect action from companies. One US consumer attitude survey found that 71% believed companies should be "actively involved in fighting AIDS."

Corporate Leaders are Emerging

Proponents concur with a recent UBS report stating: "We believe any company operating in, or looking to expand into, areas of HIV prevalence should, at a minimum, be able to demonstrate that it has considered and evaluated the possible effects of the disease on its operations."

In contrast to our company's performance, several large-cap firms are making reporting on infectious diseases best practice. The Bill & Melinda Gates Foundation has funded an HIV/AIDS Resource Document at the Global Reporting Initiative (GRI). Companies such as Proctor & Gamble and Ford Motor Company have effectively used this reporting standard.

In 2004, 98% of Coca-Cola shareholders approved a similar resolution. Coca-Cola's subsequent report notes, "the moral and business imperatives are of equal importance" in responding to HIV/AIDS.

The experience of these companies demonstrates that these reports need not be onerous. In our opinion, shareholders must fully understand the threats posed by these diseases in order to make informed assessments of our company's value.

We urge shareholders to vote FOR this resolution.