

**Statement of Policy Regarding Proxy Voting**  
**Heartland Group, Inc.**  
**Heartland Advisors, Inc.**  
(February 2011)

**I. INTRODUCTION**

The purpose of this Statement of Policy Regarding Proxy Voting (the “Statement”) is to set forth the policies and procedures that are followed to ensure proxies are voted in favor of the beneficial security interests that Heartland Advisors, Inc. (“HAI”) and Heartland Group, Inc. (“HGI”, and collectively with HAI, the “Fiduciaries”), respectively, represent. Recognizing that guidance with respect to proxy voting is not static, it is intended that this Statement be reviewed periodically and revised and interpreted as necessary to remain current both with respect to its general terms and with respect to specific corporate governance matters to be voted upon.

The beneficial security interests represented by the Fiduciaries and hereinafter collectively referred to as “Clients” of the Fiduciaries are:

- As to HAI, the interests of its investment advisory clients for which it has accepted proxy voting discretion; and
- As to HGI, the interests of the shareholders of its various mutual fund series.

The policies and procedures set forth in this Statement are monitored, discussed and updated as necessary by the Investment Policy Committee of HAI and the Board of Directors of HGI at the recommendation of their respective managing principals or officers. Although these policies and procedures are common to HAI and HGI, each shall act independently and solely in the best interests of the respective fiduciary interests they represent in the administration thereof.

This Statement does not apply to those situations where a Client of HAI has retained voting discretion. In those situations, HAI will cooperate with the Client to ensure proxies are voted as directed by the Client. In addition, HAI will also abide by specific voting guidelines on certain policy issues as requested by a particular Client on a case-by-case basis.

**II. STATEMENT OF POLICY**

In general, proxies shall be voted in a manner designed to maximize the value of the Clients’ investment. In evaluating a particular proxy proposal, the respective Fiduciary will take into consideration, among other things, the period of time over which the voting shares of the company are expected to be held, the size of the position, the costs involved in the proxy proposal, and the existing governance documents of the affected company, as well as its management and operations. Proxy proposals which change the existing status of a company shall be reviewed to evaluate the necessity of the change, and to determine the benefits to the company and its shareholders, but the Fiduciaries’ primary objective is to protect and enhance the economic interests of their respective Clients.

The proxy voting guidelines, attached as Exhibit A, provide a general framework for the manner in which the Fiduciaries' will vote proxies. These guidelines are not "hard and fast" rules and do not address all matters that may be submitted by companies to a vote of their shareholders. Rather, the guidelines reflect the overall sentiment as to how proxies should be voted with respect to matters commonly submitted by companies for shareholder approval. The Fiduciaries may vote proxies that depart from such guidelines if, in their good faith judgment, doing so is in the best interests of their respective Clients and the value of the Clients' investments. On matters not covered by the guidelines, the Fiduciaries will vote proxies in a manner believed in good faith to further the value of their Clients' investments. As corporate governance standards, disclosure requirements and voting mechanics vary greatly among foreign markets in which the Clients may invest, there may be instances in which HAI elects not to vote.

Generally, it is the Fiduciaries' policy to vote in accordance with management's recommendations on most issues since the capability of management is one of the criteria used by HAI in selecting stocks, and in recognition of the fact that a board of directors is elected by a company's shareholders and the management of a company will normally have more specific expertise and knowledge as to the company's operations. However, when the Fiduciaries believe management is acting on its own behalf, instead of on behalf of the well-being of the company and its shareholders, or when the Fiduciaries believe that management is acting in a manner that is adverse to the rights of the company's shareholders, the Fiduciaries believe it is their duty to represent the interests of their respective Clients and, as a result, will not vote with management.

### **III. Voting Procedures**

All proxy proposals shall be voted on an individual basis. Subject to the oversight of its Investment Policy Committee, HAI will designate a proxy administrator responsible for voting proxies. The proxy administrator will monitor and review all proxies to ensure that voting is done in a timely manner. The proxy administrator will match each proxy to the securities to be voted, and will provide the relevant proxy materials to the HAI analyst for the particular company. In general, the HAI analyst for a company shall be responsible for analyzing a proxy proposal relating to that company and determining how votes should be cast by communicating his/her recommendation to the HAI proxy administrator.

In evaluating a proxy proposal, the HAI analyst shall be responsible for considering whether there is any business relationship between the Fiduciary and the company or other facts and circumstances that may give rise to a material conflict of interest on the part of the Fiduciary in connection with voting Client proxies. Instances that may give rise to a material conflict include:

- (a) The Fiduciary may manage a pension plan, administer an employee benefit plan for, or provide other services to a company whose management is soliciting proxies. Failure to vote in favor of management may harm the Fiduciary's relationship with the company.

- (b) The Fiduciary, or an officer, director, employee or representative, may have a business or personal relationship with proponents of a proxy proposal such as participants in proxy contests, corporate directors or candidates for directorship. These relationships could influence the Fiduciary's proxy voting.
- (c) An employee of the Fiduciary may have a spouse or other relative who serves as a director, executive, manager or employee of a company. This personal relationship may cause a conflict.
- (d) An inherent conflict also exists with any proposal requiring a proxy vote that influences the revenue received by the Fiduciary.

In general, if the HAI analyst determines that a material conflict of interest may exist, the proxy shall be referred to the HAI Investment Policy Committee who shall, based on the advice of legal counsel, determine whether the proxy may be voted by the Fiduciary or referred to the Client (or another fiduciary of the Client) for voting purposes.<sup>1</sup>

From time to time, HAI may also engage a third party service provider (who is independent of HAI and HGI), such as Glass, Lewis & Co., to perform research and make recommendations to HAI as to a particular shareholder vote being solicited. HAI is under no obligation to follow any such recommendation, but will take it under consideration when reviewing the proposal being solicited. Before engaging such third party service provider, HAI will take reasonable steps to verify that the service provider is independent of HAI and HGI based on all of the relevant facts and circumstances. In addition, before engaging such third party service provider, HAI must be satisfied that the service provider can make impartial proxy voting recommendations that are in the best interests of the Clients. If the third party service provider is in the business of providing corporate guidance advice to companies in addition to making proxy voting recommendations to investment advisers, HAI will implement procedures that require such firm to disclose any relevant facts concerning that firm's relationship with a company whose voting securities are held by Clients, such as the amount of compensation that the firm receives from the company. Such procedures may also include a thorough review of the service provider's conflict procedures, their adequacy and the effectiveness of their implementation and/or other means reasonably designed to ensure the integrity of the proxy voting process. HAI will then use that information to determine whether that firm can make proxy voting recommendations in an impartial manner and in the best interests of the Clients, or whether HAI needs to take other steps and seek other input on how to vote the proxies.

When possible, voting will be conducted electronically through the Glass Lewis & Co. electronic delivery platform ("Glass Lewis"). For each proposal with respect to which a vote is cast, a hard copy of the signed ballot and a print out of the accounts for which votes were cast shall be retained for six months following the calendar year in which the vote was cast. In

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<sup>1</sup> In the case of HGI, if the Investment Policy Committee determines that the proxy should not be voted by the officers of HGI, the proxy shall be submitted to the Audit Committee of HGI (or its designee) to determine how the proxy should be voted.

addition, an electronic voting record shall be maintained by Glass Lewis that shall include the same information, as well as a brief statement of the voting issue and a statement as to how the Fiduciary voted. A hard copy and/or the electronic record shall be maintained for seven calendar years. The Fiduciaries shall also maintain any other books and records required by applicable law.

With regard to proxies voted on behalf of the Heartland Family of Mutual Funds, the Fiduciaries shall comply with the disclosure and filing requirements set forth in Investment Company Act Release IC-25922, including filing of Form N-PX pursuant to Rule 30b1-4 under the Investment Company Act of 1940.

Upon request by a Client or the Board of Directors of HGI, HAI shall provide information concerning the voting of proxies on behalf of that Client or the Heartland Funds, respectively. Copies of this Statement of Policy also shall be made available upon request.

**EXHIBIT A**  
**Proxy Voting Guidelines**

**A. Board Items**

<b>Subject</b>	<b>Vote</b>
Election of Directors	FOR nominees in an uncontested election, <i>except</i> that votes may be withheld from a director who: <ul style="list-style-type: none"> <li>• Attended less than 75% of board and/or committee meetings without a valid business reason for the absences;</li> <li>• Serves on a committee when the committee's actions are inconsistent with other guidelines (e.g. excessive option grants, substantial non-audit fees, or lack of board independence);</li> <li>• Receives compensation from the company for services other than serving as a director;</li> <li>• Serves as Chief Financial Officer or similar financial/accounting role for the company; or</li> <li>• Has other known positions that create a conflict of interest</li> </ul>
Two-Thirds of Independent Directors	FOR proposals that require two-thirds of the board and/or board committees to be independent
Independent Chairperson (Separate Chairperson/CEO)	FOR proposals that require an independent member act as chairperson of the board
Independent Committees	FOR proposals that require all members of the Audit, Nominating and Compensation Committees to be independent
Board Size	<ul style="list-style-type: none"> <li>• FOR proposals that seek to fix or designate a range for the board size</li> <li>• AGAINST proposals that give management the ability to alter the board size outside a specified range without shareholder approval</li> </ul>
Declassification of Board	FOR
Classification of Board	AGAINST
Removal of Directors	<ul style="list-style-type: none"> <li>• AGAINST proposals that provide that directors may be removed only for cause</li> <li>• FOR proposals to restore shareholder ability to remove directors with or without cause</li> </ul>
Filling Vacancies	<ul style="list-style-type: none"> <li>• FOR proposals that permit shareholders to elect directors to fill board vacancies</li> <li>• AGAINST proposals that provide that only continuing directors may elect replacement board members</li> </ul>
Term Limits	AGAINST shareholder proposals to limit the tenure of outside directors
Age Limits	AGAINST shareholder proposals to impose a mandatory retirement age for outside directors

**B. Capital Structure and Voting Related Items**

<b>Subject</b>	<b>Vote</b>
Poison Pills	<ul style="list-style-type: none"> <li>• FOR shareholder proposals that request a company submit a poison pill to shareholder vote</li> <li>• AGAINST management proposals to adopt or ratify a poison pill which limit a potential acquirer's ability to buy a controlling interest without the approval of the target's board of directors</li> </ul>
Supermajority Voting	AGAINST proposals that require a supermajority shareholder vote
Cumulative Voting	AGAINST proposals that allow shareholders votes that are disproportionate to their economic investment in the company
Confidential Voting	FOR
Dual Class Stock	AGAINST proposals to create a new class of common stock with superior voting rights.
Common Stock Authorization	Reviewed on a case-by-case basis when a proposal seeks to increase the

	number of common stock shares authorized for issuance
Repurchase Programs	FOR proposals to institute share repurchase plans

C. General/Administrative Items

<b>Subject</b>	<b>Vote</b>
Ratify Auditors	FOR, unless: <ul style="list-style-type: none"> <li>• The auditor is performing non-audit work for which it receives fees that are deemed excessive in relation to the fees paid for audit work; or</li> <li>• The auditor otherwise has a significant professional or personal relationship with the company that compromises the audit firm's independence</li> </ul>
Social, Political and Environmental Issues	Review on a case-by-case basis; however, typically vote with management with regard to social, political or environmental concerns that may have an effect upon the economic success of the company, as management is in the best position to assess the impact on the company and the value of its securities
Adjourn Meeting	AGAINST, absent compelling reasons to support
Transact Other Business	AGAINST proposals to approve such other business that may be raised during a meeting
Right to Call Meetings	FOR proposals that permit shareholders to call special meetings of the board

D. Compensation Items

<b>Subject</b>	<b>Vote</b>
Stock Plans in Lieu of Cash	FOR plans that allow participants to take all or a portion of their cash compensation in the form of stock
Stock Ownership Requirements	FOR proposals that require senior executives to hold a minimum amount of common stock of the company
Stock Options and Incentive Compensation	<ul style="list-style-type: none"> <li>• FOR proposals that require stock acquired through an option exercise to be held for a certain period of time</li> <li>• AGAINST the re-pricing or replacement of stock options without shareholder approval</li> <li>• AGAINST proposals that provide for options priced at less than 100% of the fair market value of the underlying security on the date of the grant</li> <li>• AGAINST annual option grants in excess of 2% of shares outstanding</li> <li>• AGAINST option plans that provide for potential dilution of shares that exceed 10% of shares outstanding</li> <li>• AGAINST proposals that include automatic share replenishment ("evergreen") features</li> </ul>
Executive Severance Agreements ("Golden Parachutes")	Reviewed on a case-by-case basis, but vote AGAINST proposals that provide for compensation exceeding three times annual compensation (salary and bonus)
Employee Stock Ownership Plans	FOR where the plan provides for a minimum stock purchase price that is equal or greater than 85% of the stock's fair market value

E. Advisory Say-on-Pay Votes

<b>Subject</b>	<b>Vote</b>
Say-on-Frequency	<ul style="list-style-type: none"> <li>• FOR proposals for annual advisory votes on executive compensation</li> </ul>
Say-on-Pay	<ul style="list-style-type: none"> <li>• FOR proposals that require stock acquired through an option exercise to be held for a certain period of time</li> <li>• AGAINST the re-pricing or replacement of stock options without shareholder approval</li> </ul>

	<ul style="list-style-type: none"> <li>• AGAINST proposals that provide for options priced at less than 100% of the fair market value of the underlying security on the date of the grant</li> <li>• AGAINST annual option grants in excess of 2% of shares outstanding</li> <li>• AGAINST option plans that provide for potential dilution of shares that exceed 10% of shares outstanding</li> <li>• AGAINST proposals that include automatic share replenishment (“evergreen”) features</li> <li>• AGAINST re-pricing or re-placing out-of-the-money stock options or stock appreciation rights</li> <li>• AGAINST new or extended agreements that provide for change in control payments exceeding three times annual compensation (salary and bonus)</li> <li>• AGAINST change in control severance payments without involuntary job loss or substantial diminution of duties, or change in control payments with excise tax gross-ups</li> </ul>
Say-on-Golden-Parachutes in Mergers & Acquisitions	Reviewed on a case-by-case basis, but vote AGAINST proposals that provide for compensation exceeding three times annual compensation (salary and bonus)