



OFFICE OF  
STATE TREASURER  
DENISE L. NAPIER

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# NEWS

**FOR IMMEDIATE RELEASE**  
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**NAPIER ANNOUNCES STATE PENSION FUND VOTES FOR  
SHAREHOLDER RESOLUTIONS SUPPORTING WORKER RIGHTS AT IBM,  
ENVIRONMENTAL INFORMATION FROM GENERAL ELECTRIC**

*Votes This Week Mark State's Return to Corporate Responsibility,  
Shareholder Rights Arena*

State Treasurer Denise L. Nappier said today that the State of Connecticut's pension fund is voting to support shareholder-led resolutions in support of worker rights and environmental protection being considered this week at corporate annual meetings being held by IBM and General Electric.

The resolution being considered today at the annual meeting of IBM stockholders in Cleveland opposes the company's decision to replace a traditional pension system for employees with a new plan that will have the effect of reducing benefits for older, long-time workers.

Two resolutions being considered Wednesday at the General Electric annual meeting call on the company to 1) increase public education about the dangers of PCB contaminated fish from the Housatonic and Hudson Rivers and 2) prepare a written report documenting the amount of money the company has spent to delay clean-up of the company's PCB sites.

The votes at this week's corporate annual meetings underscore the state's return, under Nappier's leadership, to the arena of corporate responsibility and shareholder issues. The state is rebuilding its corporate governance program after having been dormant for the past five years, with voting decisions left to individual managers of state holdings. Corporate responsibility is the principle that companies have an obligation to consider not only short-term shareholder interests but also the long-term economic viability of the communities, the workers and the consumers it relies on for business.

"These votes are consistent with our guidelines and state law to have the companies in whom we invest achieve both high returns and high corporate responsibility standards," Nappier said. "As owners of the corporate shares of companies in which our pension funds

Contact: Bernard L. Kaval er  
Director of Communication  
(860) 702-3277 FAX (860) 702-3043  
[BERNARD.KAVALER@PO.STATE.CT.US](mailto:BERNARD.KAVALER@PO.STATE.CT.US)

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are invested, the State Treasurer has a fiduciary responsibility to properly exercise proxy voting rights, and to do so in a manner that protects our investment.”

Earlier this year, Nappier developed a comprehensive series of proxy voting policies that govern the state’s position on proxy voting and centralize the process of voting on shareholder issues. The formal guidelines were reviewed and approved by the State’s Investment Advisory Council in March.

These new state Treasury proxy voting policies are based in Connecticut law, which directs the Treasurer to consider the environmental, economic and social implications of each investment. Included are guidelines for voting on resolutions pertaining to corporate policies and practices on matters such as executive compensation, auditing of the corporations’ financial records, employment practices, environmental quality issues, and other corporate citizenship behavior.

“It is critically important that Connecticut – as an investor in these corporations -- be heard on the matters being considered by shareholders this week,” Nappier said.

The concern at IBM revolves around the company’s newly implemented pension plan that for many workers converted an existing plan to a cash balance retirement plan that has raised issues of fairness to long-time employees and charges of age discrimination. The resolution, which would give workers the option of participating in either the company’s old or new pension plans, has been proposed by 344 company employees.

The Connecticut pension fund proxy voting policies specifically address such cash balance plans, stating the concern that they “may reduce pay-outs to long term employees who are currently vested in plans.” The policy goes on to state that the fund should therefore vote to support resolutions that call for “non-discrimination in retirement benefits.”

The State pension fund owns just over 800 thousand shares of IBM with a current market value of nearly \$91 million. The pension fund owns almost two million shares of GE, valued at \$311 million. The GE annual meeting is scheduled for Wednesday in Richmond, Virginia.

The two resolutions being considered by GE shareholders have been proposed by the Maryknoll Sisters, the Sisters of St. Dominic and the New York City Teacher’s Retirement System. Both resolutions stem from concerns about PCB contamination by GE plants between 1946 and 1977 of the Hudson River in New York and the Housatonic River in Connecticut and Massachusetts.

The state pension fund, approximately \$21 billion, includes retirement funds for state employees and teachers. The fund, which surpassed \$20 billion for the first time in state history a year ago, also had its best performance of the last five years in 1999 (compared with other public funds with assets exceeding \$1 billion).

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Director of Communication  
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[BERNARD.KAVALER@PO.STATE.CT.US](mailto:BERNARD.KAVALER@PO.STATE.CT.US)