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NAPPIER ANNOUNCES SIGNIFICANT PROGRESS ON KEY CORPORATE GOVERNANCE ISSUES AT FOUR LEADING COMPANIES

State Treasurer Withdraws Some Shareholder Resolutions; Discussions Continue at Additional Firms on Range of Corporate Policies

(Hartford) -- Connecticut Treasurer Denise L. Nappier has announced that because of significant progress in discussions on key corporate governance issues aimed at restoring investor confidence and strengthening shareholder rights, the state pension fund has withdrawn shareholder resolutions that were to be considered at the 2003 annual meetings of four leading international companies.

Nappier said that the issues include severance benefits for executives, communication between shareholders and independent board members, board diversity, and corporate environmental policies. The companies, in which the Connecticut pension fund is a shareholder, include General Electric, Safeco, Cummins Inc., and Illinois Tool Works (ITW).

In addition, discussions are continuing with several companies where corporate governance resolutions were filed in 2002. Because these ongoing discussions have been productive, a shareholder resolution was not filed for 2003. These companies include Nextel, Siebel Systems, EMC and Great Lakes Chemical.

"We were pleased that on each of these issues, at each of these companies, substantial progress has been made to warrant either the withdrawal of new shareholder resolutions or not refiling 2002 resolutions this year. We will monitor actions by each company on these critical corporate governance issues and work with them to follow-through on their commitments and promises," Nappier said.

Nappier is principal fiduciary of the \$17 billion Connecticut Retirement Plans and Trust Funds (CRPTF) which invests retirement funds for state and municipal employees and teachers. Under Treasurer Nappier's leadership, the Connecticut Treasury has become one of the nation's most active institutional investors on issues of corporate responsibility and shareholder rights.

"As a public pension fund, we are long-term investors and firmly believe that solid corporate governance and responsiveness to shareholders are in the best interest of both the bottom line and the beneficiaries whose retirement funds we invest," Nappier said.

The progress announced today by Nappier follows a string of successes in each of the past two proxy seasons, including majority votes a year ago at Reebok, Waste Management and Great

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Lakes Chemical on the issue of annual election of all directors. Nappier's office also played a significant role in Disney's agreement last year to discontinue using the same firm for auditing and consulting services and Stanley Works decision not to proceed with a planned reincorporation to Bermuda.

The reincorporation issue is being pursued again this year by Nappier, with shareholder resolutions filed at two companies, Ingersoll-Rand and Nabors Industries, where votes are scheduled for later this spring. The resolutions are among twenty sponsored or co-sponsored by the Connecticut pension fund on a range of corporate governance issues, including annual election of all members of the Board of Directors, climate change/global warming, executive compensation, expensing of stock options, board diversity, global labor standards and implementation of the Sarbanes-Oxley law (particularly related to audit committee oversight).

The four companies at which shareholder resolutions have now been withdrawn and the four where resolutions were not filed this year because of ongoing discussions are:

GENERAL ELECTRIC (Executive Compensation)

For the first time, General Electric has agreed to a substantive discussion between key independent board members and investors of executive compensation policy. The agreement comes following the filing of shareholder resolutions by Connecticut and other shareholders after revelations regarding the compensation package provided to former CEO Jack Welch. The discussions between GE, Connecticut officials and other shareholders are to begin next month.

"Our shareholder resolution related to GE's severance benefits was withdrawn because GE agreed to have the independent chair of its compensation committee meet with us and other institutional investors, and then to pursue substantive discussions regarding compensation issues and broader corporate governance matters," said Nappier. "In this new environment of disclosure and transparency, direct communication between independent directors and shareholders on issues that can impact shareholder value is absolutely critical."

"I am pleased that Andrew Sigler, the independent chair of the Compensation Committee, has agreed to meet with us and a number of other filers to discuss GE's policies and practices on compensation. We view this meeting as a first-of-its-kind and urge other corporations to follow suit."

Connecticut-based General Electric is one of the world's largest companies, with products and services ranging from jet engines to power generation, financial services to plastics, and television to medical imaging. The CRPTF owns 6,280,000 shares worth approximately \$147 million.

CUMMINS (Engine Emissions)

Cummins, Inc., headquartered in Columbus, Indiana, is a global corporation with business units that design, manufacture, distribute and service electrical power generation systems, engines and related technologies. The company agreed to:

- Better and more consistent environmental reporting – and moving to reporting in accordance with the Global Reporting Initiative
- Active involvement in efforts to reduce emissions from diesel engines in school buses including education and awareness regarding a Norwich, CT initiative
- Engage in a substantive dialogue with Coalition for Environmentally Responsible Economies (CERES) to consider membership

- Issue public statements on the need to reduce pollutants, particularly from their diesel engine products.

The CRPTF owns 89,100 shares of Cummins, worth approximately \$2.2 million.

“Air pollutant emissions are some of the most measurable, relevant, and significant indicators of risk for investors in this industry and for our environment. It’s our responsibility to ask how these risks are being addressed, and urge companies in which we invest to take necessary and responsible actions to address the risk to our environment and our investment,” Nappier said.

SAFECO (Shareholder Communication with Board members)

Safeco Corporation has agreed to permit direct, unfiltered communication between non-management members of its board of directors and shareholders. Seattle-based Safeco is engaged in property and casualty insurance, surety, life insurance and asset management.

“Direct and unimpeded communication between independent directors and shareholders is critical if we are to restore investor and public confidence,” said Nappier. “I would urge other corporations to follow suit and eliminate barriers to open communication between directors and the shareholders they represent.”

The procedures in Safeco’s new policy include the establishment of special e-mail and post office addresses specifically created to facilitate shareholder communication with non-management directors. The correspondence sent to these special addresses will be monitored by the corporation’s Lead Director, who will ensure that it reaches the appropriate board committee or board member(s) and facilitate an appropriate response. The new mechanism will also allow for face-to-face meetings between directors and shareholders. The CRPTF owns 198,500 shares of Safeco, worth approximately \$6.9 million. The resolution was co-filed with the New York City Comptroller’s Office.

ILLINOIS TOOL WORKS (ITW) (Diversity)

Illinois Tool Works, an international company based in Illinois that makes a range of products used in the automotive, construction, paper products and food and beverage industries, has agreed to add an entirely new section on their web site focusing on Corporate Citizenship and Employee Relations. It will address areas including Employee Relations, Equal Opportunity and Diversity, Harassment, Community Involvement, Safety, and Environmental Policy. The CRPTF owns 72,300 shares of ITW worth approximately \$4.4 million. The Connecticut Treasury worked with Walden Asset management, primary sponsor of the resolution.

“This is an important step forward for this company, consistent with recent academic studies on private sector board membership that have shown that companies with more diverse boards have better financial performance than those with less diverse boards,” Nappier said. “Responsible corporate behavior requires policies and practices in the areas that Illinois Tool Works will now begin to more fully address.”

NEXTEL (Board Independence)

The CRPTF resolution filed in 2002 that called for all members of key committees to be independent directors. Since then, the company has begun to seek input from shareholders regarding increasing independence of its board and committees, revising committee structure, and improving communication between shareholders and independent board members. A meeting was

recently held with an independent board member to discuss these issues, and a series of conversations have been initiated with the Corporate Secretary to pursue these issues. Nextel is a telecommunications company with headquarters in Reston, Virginia. The CRPTF owns 352,200 shares of Nextel worth approximately \$3.5 million. The Connecticut Treasury is working with the New York City pension fund on these discussions.

SIEBEL SYSTEMS (Executive Compensation)

In 2002 the CRPTF filed a resolution expressing concern about the amount of stock options given to CEO Thomas Siebel. The CRPTF withdrew its resolution after productive conversations with the company. In January 2003 the company announced that Mr. Siebel had cancelled 25,950,000 options previously granted to Mr. Siebel, which the company valued at \$56.1 million. The company has also agreed to a discussion of executive compensation between key independent board members and shareholders. There have been a number of conversations with the company that have included the Corporate Secretary and the Chief Financial Officer.

The CRPTF owns 113,000 shares of Siebel Systems worth approximately \$943,000. Siebel Systems is a leading provider of eBusiness application software, with more than 8,000 employees in more than 34 countries and 136 offices around the world. The company is based in San Mateo, California. The Connecticut pension fund has been working with the AFL-CIO in discussions with the company.

EMC (Board Diversity)

In 2002 the CRPTF resolution on board diversity at Massachusetts-based EMC garnered 32.2% of the shareholder vote – the highest shareholder support ever for a similar resolution. Since then the company has added a woman to the previously all white male board, and is searching for an additional board member. The company has met with Connecticut, including several meetings attended by the Board Chairman, and there have been conversations with the Corporate Secretary on issues of diversity and corporate governance. EMC designs, manufactures, markets and supports a wide range of hardware and software products worldwide. The CRPTF owns 3 million shares of EMC worth approximately \$23.8 million.

GREAT LAKES CHEMICAL (Annual Election of all Directors)

Last year a resolution co-sponsored by the CRPTF at Indianapolis-based Great Lakes Chemical Corp. calling for annual election of all members of the board received 79.4% of the shareholder vote, but was not binding on the company. In response to that vote, the Board agreed to include in its 2003 proxy a binding resolution that if passed would implement this recommendation. Great Lakes Chemical's principal activities are divided into three segments: polymer additives, performance chemicals and water treatment. The CRPTF owns 101,200 shares of Great Lakes Chemical, worth approximately \$2.2 million.

More information on the Connecticut Retirement Plans and Trust Funds proxy voting policies is available at www.state.ct.us/ott