



Denise L Nappier

State Treasurer

July 6, 2004

To the Editor:

It is unfortunate and disappointing that *The Wall Street Journal* would so distort the findings of a Connecticut jury as to describe the verdict in favor of one of Wall Street's own in its editorial of July 6, 2004. The facts, however, are irrefutable, and I must set the record straight.

Last week, Forstmann Little was found by a jury to have breached two contracts, to have violated its fiduciary duty to the State of Connecticut, and to have done so in bad faith. This is a landmark case for Connecticut and the nation, and represents the first time that an institutional investor has proven that a general partner acted in flagrant disregard of its contractual and fiduciary responsibilities. Clearly, this victory against Forstmann Little is significant not only for institutional investors like Connecticut, but for all limited partners.

While it is regrettable that Connecticut was not awarded monetary damages, we believe that Forstmann Little benefited from technical legal defenses to which our counsel strongly objected during trial. We will pursue every remedy available to us going forward. With that said, we believe that the recent verdict failed to take into account the well-established realities of the private equity industry -- that limited partners such as Connecticut must and do rely on their general partners to act in good faith. Contrary to the *Journal's* assertion, the decision to invest in XO and McLeod was Forstmann's - not Connecticut's. Furthermore, if the truth be told, the "gamble on the technology venture market" was an investment from a prior administration I was obligated to honor.

To be clear, our lawsuit was against Forstmann Little -- not against the private equity industry as a whole. We continue to be an active investor, and we maintain excellent relationships with the more than 40 general partners that manage our assets.

The editorial stance taken by *The Wall Street Journal* went far beyond the merits of the case by personally attacking me and maligning other elected public pension officials. While disturbing, such *ad hominem* attacks were not unexpected. When you challenge a power broker on Wall Street, you can expect a little mud to be slung your way.

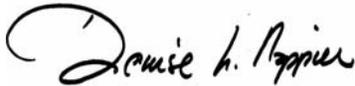
As fiduciary of the Connecticut pension funds, I take seriously my responsibility to zealously protect those assets on behalf of the State's pension beneficiaries. It is because of that zeal that I have recovered more than \$1.2 billion in pension assets that had been lost by virtue of malfeasance. After nearly two decades of managing public pension assets, I will not be daunted by either scurrilous statements or outrageous inferences. I

therefore take exception to the *Journal's* suggestion that my motives for pursuing Forstmann Little were purely political. Were I solely motivated by political ambition, I would never have taken on Forstmann Little in the first instance.

As a responsible fiduciary, I was obligated to take the necessary steps to seek restitution for the actions of Forstmann Little on behalf of the State of Connecticut. When all is said and done, it may not be easy to be a public whistleblower, but those who know me well will tell you that I have never hesitated when it comes to standing up for what is right.

Make no mistake - the Office of the State Treasurer will continue to hold its managers accountable to the terms of their contracts with the State of Connecticut. The citizens of Connecticut can take comfort in the diligence and manner with which this lawsuit was brought. Forstmann Little should accept this sanction by the jury with an appropriate level of disgrace and embarrassment and *The Wall Street Journal* should recognize objectively the significance of Connecticut's lawsuit for institutional investors.

Sincerely,

A handwritten signature in black ink that reads "Denise L. Nappier". The signature is written in a cursive style with a large, looping initial "D".

Denise L. Nappier

Treasurer of the State of Connecticut