



**OFFICE OF
STATE TREASURER
DENISE L. NAPPIER**

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Nappier Tells Corporate Directors That Issue of Excessive Executive Compensation Remains Key to Restoring Investor Confidence

(Washington, DC) – Connecticut Treasurer Denise L. Nappier said that she expects excessive executive compensation to be “front and center” during the next year’s shareholder proxy voting season, as efforts continue to restore public confidence in corporate America.

Speaking at the National Association of Corporate Directors (NACD) annual meeting Monday, Nappier said “the most important issue that stands in the way of fully restoring investor trust – and eliminating the trust gap that was caused by the scandals of the Enron era – is the issue of executive compensation.”

Nappier, who was recently re-elected as a member of the executive committee of the National Association of State Treasurers, said that the issue is on the agenda for the nation’s Treasurers, who will be meeting in New York next month. She spoke as part of a panel at the NACD conference focusing on the status of efforts to rebuild public confidence in corporate governance practices.

Nappier said that while considerable progress has been made in recent years to restore investor confidence in the wake of business scandals and the resulting Congressional, regulatory and business reforms, more needed to be done.

“It should be absolutely clear that from institutional investors to individual shareholders, no issue will engender more distrust, dismay and dissolution than corporate compensation packages that range from excessive to obscene,” Nappier said.

NACD is a national non-profit membership organization dedicated exclusively to serving the corporate governance needs of corporate boards and individual board members. NACD’s 17,500 members and customers represent companies ranging from Fortune 100 public companies to small, over-the-counter, closely held, and private firms.

Nappier said that “investors across the board, including Connecticut, will be looking for better policies and greater transparency – because nothing sows the seeds of mistrust better than secrecy and unwelcome surprises.”

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"In an environment of pension uncertainty and job insecurity, the seemingly endless array of bonuses, stock options and astronomical salaries that are apparently routinely handed out to corporate executives are hard to miss, and hard to accept."

In her prepared remarks, Nappier outlined some of the actions that investors will be looking for from Compensation Committees on corporate boards:

- more closely evaluate compensation packages for the CEO and other highly paid executives
- set performance goals for these executives, and pay them accordingly
- put an end to pay for failure (excessive severance packages)
- fully and clearly disclose to shareholders the value of retirement packages and other benefits, so investors don't learn of them years later in divorce cases or securities investigations

Nappier said that "executive compensation that is inconsistent with a company's performance severely threatens the credibility of a leadership at a company and has the potential to damage shareholder and public trust in that company. And that can adversely affect the value of our shares."

NACD promotes high professional board standards, creates forums for peer interaction, enhances director effectiveness, communicates and monitors the policy interests of directors, conducts benchmarking research, and educates boards and directors concerning traditional and cutting-edge issues.

Nappier, principal fiduciary of the \$21 billion Connecticut Retirement Plans and Trust Funds, has been one of the nation's leading voices for corporate governance reform and accountability to shareholders. She was the first Connecticut Treasurer to file a shareholder resolution, in 1999, and has reached landmark agreements with leading corporations on a range of corporate governance issues, including conflicts of interest in accounting practices, board independence and diversity, and separation of the CEO and Board Chairman functions.

Elected in 1998 and re-elected in 2002, Nappier is the first African-American woman to be elected State Treasurer in the United States, and the only woman elected Treasurer in Connecticut history. She is a member of the Board of the Connecticut Chapter of NACD, the first public fund investor to serve in that capacity.

"We are looking to members of the board of directors to protect our interests as investors," Nappier said, "and we are fully prepared to hold them accountable if they do not do so."