OFFICE OF
STATE TREASURER
DENISE L. NAPPIER

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NAPPIER WELCOMES GOV. BUSH, FLORIDA PENSION FUND EFFORT TO BRING EXCESSIVE EXECUTIVE PAY PACKAGES IN CHECK

Connecticut Treasurer Says Issue Focuses on Beneficiaries & Investments, Transcends Politics

Connecticut Treasurer Denise L. Nappier today welcomed the entry of the Florida state pension fund, the nation's fourth largest public pension fund, to a broadening effort by leading institutional investors to reign in excessive executive pay packages at America's leading corporations.

A week ago, Florida Governor Jeb Bush, Attorney General Charlie Crist and Chief Financial Officer Tom Gallagher, who make-up the Board of Trustees for Florida's $116 billion pension fund, announced that they had instructed the fund's staff to take a leading role in the effort to bring executive pay under control.

"I welcome the support and visibility of the Florida pension fund," Nappier said in a letter to the three officials, "and look forward to the opportunity to work with you…on behalf of shareholders of our respective funds and investors across the country."

Nappier, principal fiduciary of the $21 billion Connecticut Retirement Plans and Trust Funds, earlier this year predicted that the executive compensation issue will be "front and center" in the approaching 2006 proxy season. "Your interest in this issue underscores that expectation," Nappier told the Florida officials.

Today, Nappier said that Florida's decision to speak out on the issue "clearly demonstrates that this is an issue that transcends politics. It is about the best interest of pension fund beneficiaries, the portfolio companies in which their retirement funds are invested, and the long-term economic vibrancy of our corporations."

Addressing the annual convention of the National Association of Corporate Directors this fall, the Connecticut Treasurer noted that considerable progress has been made on corporate governance issues in recent years, but that "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."

Efforts Emphasizing Executive Pay Disclosure Intensify

In recent weeks, Nappier's office has proceeded on a number of fronts, including introducing shareholder resolutions at three companies, initiating discussions with leading corporations, and coordinating efforts with domestic and international institutional investors and organizations including the Council of Institutional Investors. Those efforts are ongoing, and will continue to

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accelerate in the coming months as the beginning of the proxy voting season in February approaches.

“Executive compensation that is out of sync with a company’s performance severely threatens the credibility of the leadership of that company, and has the potential to damage shareholder and public trust. And that can adversely affect the value of our shares,” Nappier said, underscoring the importance of corporate compensation committees becoming more responsive to shareholders on the issue.

Nappier has also corresponded with Securities and Exchange Commission Chairman Christopher Cox, highlighting issues that should be considered as the SEC moves forward with a proposal on executive compensation disclosure, anticipated early next year.

“No issue will engender more distrust, dismay and dissolution than corporate compensation packages that range from excessive to obscene. In an environment of pension uncertainly and job insecurity, the seemingly endless array of executive bonuses, stock options and astronomical salaries that have no relation to company performance are hard to miss, and hard to accept,” Nappier said.

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