OFFICE OF STATE TREASURER DENISE L. NAPPIER

NEWS

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Pfizer Agrees to Connecticut Pension Fund Resolution, Broadening Disclosure of Executive Compensation in 2006 Proxy

Nappier Will Continue Efforts to Reign In Excessive Executive Pay

Connecticut Treasurer Denise L. Nappier, one of the nation's leading institutional investors advocating greater disclosure and corporate executive pay that reflects company performance, said today that Pfizer Inc., the world's largest research-based pharmaceutical company, has agreed to the provisions of a shareholder resolution filed late last year by the $21 billion Connecticut Retirement Plans and Trust Funds.

As a result of Pfizer's decision to comply with the series of detailed disclosures sought by Connecticut related to the salary and retirement benefits for key executives, Nappier has withdrawn a shareholder proposal intended for consideration at the company's annual meeting this spring.

"Pfizer has agreed to comply with each and every disclosure we sought, and that is a critical first step that ought to be instructive to both the SEC and America's leading corporations," Nappier said. "Disclosure is not only possible, it is achievable."

Connecticut's announcement comes as the SEC is unveiling a proposal for new, expanded regulations that would substantially increase requirements for disclosure of CEO and other executive pay packages. Nappier said she provided SEC Chairman Christopher Cox with a series of provisions last fall that should be included in the regulations, and will be filing formal comments during the SEC rules process. "Expanded disclosure of retirement benefits has been one of our central concerns, both at the SEC and Pfizer," Nappier said.

Nappier, who was recently re-elected to a second term as Treasurer of the National Association of State Treasurers, said that her office is continuing discussions with Pfizer, noting that the company's board has been "quite receptive to our concerns." She has renewed her call for Pfizer to more closely link executive pay to performance, and is continuing to collaborate with other institutional investors, including public and private funds, to achieve broader progress on the issue throughout corporate America.

"I commend Pfizer for not waiting for the SEC to force their hand, and for being proactive in this important corporate governance arena," Nappier said, noting that final adoption of new SEC requirements could be a year away. **"Disclosure, however, is only the tip of the iceberg. Investors need the ability to see what board compensation committees have approved, and to work with those committees going forward to bring 'sky's-the-limit' pay and retirement packages back down to earth."**

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Pfizer officials notified Connecticut Treasury and Securities and Exchange Commission officials of their intentions in late December, well in advance of the SEC proposal, and Nappier said she looks forward to reviewing details of both the Pfizer disclosure, anticipated in March, and the SEC proposal, to be released in detail this week.

"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," Nappier said.

Last fall, addressing the annual conference of the National Association of Corporate Directors, Nappier said that she expected excessive executive compensation to be "front and center" during this year's shareholder proxy voting season, as efforts continue to restore public confidence in corporate America.

"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 said at the Washington, D.C. session last October.

"It should be absolutely clear that from institutional investors to individual shareholders, no issue engenders more distrust, dismay and disillusion than corporate compensation packages that range from excessive to obscene," Nappier said. "This pervasive and persistent irritation needs to be remedied, and the SEC cannot afford to come up short of fully addressing the legitimate concerns of shareholders."

Nappier said the SEC should require compensation committees on corporate boards to:

- 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); and
- fully and clearly disclose to shareholders the value of retirement packages and other benefits.

"At its core, the issue is quite straightforward," Nappier said. "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."

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.

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