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# NEWS

**FOR IMMEDIATE RELEASE**

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## **Nappier Says Shareholder Resolution at Sun Microsystems Would Allow Shareholders to Offer Opinion on Top Executives Pay**

***Connecticut's Treasurer Says Corporate Boards Should Consider Shareholders' Views on CEO Pay Packages; System Proposed is Already Used by Companies in Great Britain***

Shareholders of Sun Microsystems will vote tomorrow on a resolution co-sponsored by the Connecticut Retirement Plans and Trust Funds that calls on the company's Board of Directors to adopt a procedure for an annual advisory vote of shareholders on the company's compensation of top executives.

Connecticut Treasurer Denise L. Nappier, principal fiduciary of the \$23 billion state pension fund, says "the proposal would allow shareholders to weigh in and provide valuable feedback to the Board on its compensation policies and decisions. Shareholders do not want to stand in silence and continue to witness spiraling CEO pay packages that can erode shareholder value. We seek a stronger voice and an advisory vote on a fundamental issue of corporate governance."

Nappier noted that there have been shareholder resolutions at several U.S. companies in recent months seeking similar advisory votes. Those proposals have received nearly majority support among shareholders, which is unusual for first-year resolutions. It is anticipated that similar resolutions will be filed at other companies during the 2007 proxy season, which begins in earnest in February, 2007.

"This plan is not revolutionary - it is reasonable and responsible. It is a time-tested practice in Great Britain, and the appetite for bringing it to the U.S. has been fueled by the seemingly endless series of CEO pay scandals and seemingly out-of-control pay increases that often bear no resemblance to company performance," Nappier added.

The resolution, which is co-filed by the Connecticut Retirement Plans and Trust Funds and the American Federation of State, County Municipal Employees Pension Fund would create a procedure that would allow shareholders to vote, on a non-binding basis, on the pay packages recommended for top corporate executives as part of the Board's Leadership Development and Compensation Committee Report. The advisory vote would be part of the annual proxy ballot.

Providing shareholders with a clear voice on pay issues could help reduce excessive compensation, as well as the public and shareholder discontent of executive pay practices,

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according to the resolution, which suggests that “senior executive compensation at Sun has been excessive in recent years.”

In 2005, Chairman and then-CEO Scott McNealy received \$1.2 million in salary and bonus and 1.25 million options, and exercised 4.8 million stock options for \$11.8 million in value realized. At the same time, Sun was included on the 2005 Focus List of Underperforming Companies by the Council of Institutional Investors. In 2003, 2004 and 2005, McNealy received 3.75 million in options with potential future value of \$8.9 million or \$22.6 million, depending upon the future return assumption.

In calling for an “annual referendum process” to permit shareholders to opine on the pay packages provided by the Board to top executives, the resolution said “the results of such a vote would, we think, provide Sun with useful information about whether stockholders view the company’s compensation practices ...to be in the stockholders best interests.”