



The Office Of State Treasurer
Denise L. Nappier

News

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**Independent Chairman Proposal Receives Strong Support at
JPMorgan Chase Annual Meeting**
*Connecticut Treasurer Says Vote is Endorsement
Of Sound Governance Principles*

HARTFORD, CT –One-third of JPMorgan Chase shareholders, at its annual meeting today in Tampa, Florida, voted in favor of a resolution calling for an independent chairman of the board. The resolution was filed by a coalition of institutional investors made up of the AFSCME Employees Pension Plan, the Connecticut Retirement Plans and Trust Funds (CRPTF); Hermes Equity Ownership Services; and the New York City Pension Funds.

Connecticut Treasurer Denise L. Nappier said, “Although the vote on our resolution did not prevail, we continue to share a common interest with the Board in solid, sustainable performance, and look forward to renewed dialogue with Board leadership on what constitutes ‘best in class’ in the governance of our company. The Connecticut Retirement Plans and Trust Funds and many other shareholders realize that highly integrated companies such as JPMorgan Chase, in order to ensure long-term value, should be managed by a CEO overseeing the business, and an independent chairman leading the board in its oversight and evaluation of the CEO’s performance. Independent Board leadership is an important governance variable to ensure that the company looks beyond today’s profits to future growth and success.”

Treasurer Nappier, principal fiduciary of the \$26.3 billion CRPTF, added, “The action taken today is an endorsement of sound governance principles and the role of proper checks and balances. The battle on this issue has never been about Jamie Dimon, for whom I have deep respect. It is not unlike a family dispute, wherein we support one another in our long-term goals, but differ on how best to get there.”

Shareholder resolutions calling for independent board chairs rarely pass. In 2012, only three such proposals - at Kindred Healthcare, McKesson and Sempra Energy - received majority votes. Since 2004, less than 5% of resolutions asking for independent board leadership have received majority votes. A virtually identical proposal received an impressive 40 percent favorable vote at JPMorgan Chase’s 2012 annual meeting.

The outcome of the vote follows sustained shareholder engagement. Over the past month, members of the coalition, investors, and directors of JPMorgan Chase have engaged with shareholders and answered difficult questions about board leadership and responsibility.

The CRPTF owns 1,519,399 shares of JPMorgan Chase common stock valued at \$74.5 million (as of April 30, 2013), and has \$38 million in corporate bond holdings.

The shareholder resolution stated:

“We believe a structure where the CEO runs the business and is accountable to a board led by an independent chairman is in the best interests of JPM shareholders for the following reasons:

- The management of a complex financial institution is a full time job, and expecting one person to perform well as CEO in addition to the responsibilities of leading a board of directors is unrealistic.
- It is incumbent on JPM and its board to restore credibility with regulators in light of multiple violations, litigation, settlements and investigations that have cost the company \$16 billion since 2009.
- Serious internal control, corporate culture, board oversight, and risk management issues exist at JPM as evidenced by recent reports regarding the “London whale” trades; the firm’s own investigation points to a failure to inform the relevant board committee of important events at the company.
- An independent chair of the board of directors will eliminate the structural conflict of interest caused by the CEO being his own boss, and will clarify where the authority of the CEO ends and responsibility of the board begins.”

A separation of the CEO and board chair is widely acknowledged to increase a company’s accountability and performance. On average, companies that maintain an independent board chair outperform those that do not. A June 2012 report by GMI Ratings found that five-year shareowner returns were nearly 28% higher at companies with a separate CEO and board chair. More and more companies have independent board chairs. Institutional Shareholder Services, a leading independent proxy advisor, reported that 21.5% of S&P 500 firms had an independent chair in 2012, up from 18.1% in 2010.

The Office of the Treasurer has been a longstanding leader among public fund fiduciaries for more than a decade, asserting that Board leadership should be independent of and separate from management leadership. The CRPTF, under Treasurer Nappier’s leadership, has been at the forefront on a range of corporate governance reform issues.

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