OFFICE OF
STATE TREASURER
DENISE L. NAPPIER

NEWS

FOR IMMEDIATE RELEASE
Thursday, April 15, 2004

Thirteen Pension Leaders Call on SEC Chairman to Require Global Warming Risks in Corporate Disclosure

Cite SEC's Own Guidelines, Recent Company Agreements to Report Some Global Warming Risk

BOSTON, MA - Thirteen major public pension fund leaders - including eight state treasurers and comptrollers, four labor pension fund leaders, and the New York City Comptroller, collectively managing assets of nearly $800 billion- today called on the U.S. Securities & Exchange Commission (SEC) to eliminate any doubt that publicly traded companies should be disclosing the financial risks of global warming in their securities filings.

In two separate letters to SEC Chairman William Donaldson, the pension fund leaders say that global warming poses material financial risk to many of their portfolio companies and that those risks should be analyzed as a matter of routine corporate financial disclosure to the SEC. While some companies have voluntarily started to make progress toward such risk disclosure, other companies - including some of the United States' largest emitters of the greenhouse gases that create global warming - have refused to do so citing ambiguous SEC rules governing the acknowledgment of such material dangers to shareholder wealth.

The letters to the SEC chairman were signed by: **California** State Treasurer Phil Angelides, **Connecticut** State Treasurer Denise Nappier, **Maine** State Treasurer Dale McCormick, **Maryland** State Treasurer Nancy Kopp, **New Mexico** State Treasurer Robert Vigil, **New York State** Comptroller Alan Hevesi, **Oregon** State Treasurer Randall Edwards, **Vermont** State Treasurer Jeb Spaulding, **New York City** Comptroller Bill Thompson, Gerald McEntee, Chairman, **AFCSME Employees Pension Plan** (and president, AFSCME), William Boarman, Chair, **CWA/ITU Negotiated Pension Plan**, Tom Keegel, General Secretary-Treasurer, **International Brotherhood of Teamsters**, and Steve Abrecht, Executive Director of Benefits, **SEIU** Pension Fund. The group also requested a meeting with Donaldson to discuss the matter.

The investors cited the SEC's own guidelines for the Management's Discussion and Analysis of Financial Conditions and Results of Operations (or "MD & A") section of a company's SEC filings which stipulates: "Specific known trends, events or uncertainties that are reasonably likely to have a material effect on a company's financial condition or operating performance must be discussed in the MD&A."

Global warming and growing efforts to address it through limiting carbon dioxide emissions present such a trend and uncertainty, say the investors, particularly to companies that are heavy emitters of greenhouse gas emissions, such as electric power, auto, and oil and gas.

Contacts: Nicole St. Clair, CERES, (617) 247-0700 X.20
Bernard L. Kavaler, CT Treasury, (860) 702-3277

SEC rules do not clearly require such disclosure on global warming and carbon dioxide emissions, resulting in non-disclosure and uneven disclosure, said the investors. Two reports last year found that a number of companies were making at least general statements about climate risk in their SEC filings, but failed to elaborate with financial analysis. That kind of vague disclosure, say the investors, is insufficient according to SEC rules discouraging "boilerplate and generic language" in the MD&A section.

Denise Nappier, Treasurer, State of Connecticut, said: **"When you have American Electric Power and other companies recognizing their fiduciary duty to assess and disclose their environmental risk exposure to shareholders, then we have to ask: shouldn't the SEC also be recognizing this responsibility? Shareholders should not have to struggle company-by-company to get the level of analysis and disclosure we need. A system that permits some companies to step up while others are allowed to hold back is ultimately not in anyone's best interest. Disclosure of climate risk should be part of routine analysis on the 10K - and investors should be able to rely on it being there."**

Many of the funds have been demanding greater disclosure from companies on the financial risks associated with global warming and coming limits on carbon dioxide, filing shareholder resolutions with firms in the oil and gas, electric power and auto sectors requesting reports on company analysis and preparedness to mitigate those risks through reducing their emissions.

As a result of this year's shareholder resolutions, American Electric Power and Cinergy Corp. have agreed to issue reports on their positioning under likely regulatory scenarios, with two more electric power giants expected to do the same within the next few weeks.

Ten of the signatories to the letters to Donaldson issued an investor Call to Action on Climate Risk at a landmark Institutional Investor Summit at the United Nations last November, organized the State of Connecticut Retirement Plans and Trust Funds and CERES, and formed an Investor Network on Climate Risk (INCR) to continue to examine the issue and pursue actions to address it. This request is a direct follow up to that call, they said.

Dale McCormick, Treasurer of Maine, said: **"The financial risks of global warming have been well-documented at this point. Companies with high emissions are even telling us those emissions are going to cost them - but that's about all they say. If we don't make this standard operating procedure, then you don't get the analysis going and you don't get information that is very useful - either for company management or for the investors - and most importantly, you don't get the change that protects the value of retirement funds."**

Mindy Lubber, Executive Director, CERES, said: **"In this country we've been so determined to disconnect environmental challenges from financial realities that we are missing very real potential liabilities that are right in front of us. Now that there is growing and compelling evidence that global warming and greenhouse gas emissions pose such costs, and that companies should be analyzing them, the SEC should be setting that standard."**

Additional information on the issues is available on the website of the Investor Network on Climate Risk at www.incr.com

Contacts: Nicole St. Clair, CERES, (617) 247-0700 X.20
Bernard L. Kavaler, CT Treasury, (860) 702-3277