The Office Of
State Treasurer
Denise L. Nappier

News

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Connecticut State Treasurer Supports Call for "Say on Pay" at Financial Services Firms

HARTFORD—Connecticut State Treasurer Denise L. Nappier, principal fiduciary of the $22.7 billion Connecticut Retirement Plans and Trust Funds (CRPTF), today announced the release of an open letter by major institutional investors and investor representatives calling on seventeen of the largest financial firms to grant shareholders the right to vote on the compensation granted to top executives. The effort was spearheaded by the Connecticut State Treasurer's Office in partnership with Walden Asset Management.

Approximately 30 institutional investors and investor groups signed on to the letter, which asks financial companies to permit shareholders to cast an advisory vote on the executive pay package detailed in the annual proxy statement. The vote, called "Say on Pay," would allow shareholders the opportunity to signal to a company whether it has given appropriate incentives to executives by linking pay with performance.

In December, Goldman Sachs announced it would allow a "Say on Pay" vote at its 2010 annual meeting. The move followed a multi-year effort by the CRPTF and Walden Asset Management to encourage the company to voluntarily include "Say on Pay" in its annual proxy statement. Bank of New York Mellon also will give shareholders a "Say on Pay" this year.

The letter was sent to the following financial firms: **American Express**; **Bank of America**; **BB&T**; **Capital One Financial**; **Citigroup**; **Comerica**; **Fifth Third Bancorp**; **JPMorgan Chase**; **KeyCorp**; **Morgan Stanley**; **Northern Trust**; **PNC Financial Services**; **Regions Financial**; **SunTrust**; **U.S. Bancorp**; **Waddell & Reed**; and **Wells Fargo**.

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Walden Asset Management
Advancing sustainable business practices since 1975

January 27, 2010

[Name]
CEO
[Company]
[Address]
[City, State, Zipcode]

CC: [Name]
Chair, Compensation Committee

[Name]
Chair, Governance Committee

Dear [Name]:

We, the undersigned, are representatives of institutional investors actively involved in encouraging good corporate governance. We believe, as we know you do, that leadership in corporate governance fosters accountability to shareowners and helps create long-term shareholder value.

We have been pleased to observe important steps taken by the financial services industry to adopt and expand good governance policies, including those addressing executive compensation, such as the end of questionable perks, adoption of clawbacks, expansion of disclosure. Certainly, there is intense and unprecedented scrutiny of executive compensation practices, particularly in the banking sector, by policy makers and the public at large. Hence we think it is both prudent and wise for companies to follow the pay debate closely, communicate with shareowners and adapt policies and practices as necessary.

We write to encourage Bank of America to enact the shareholder advisory vote on executive compensation (popularly described as Say on Pay), a timely and needed corporate governance reform. We know you are very familiar with the Say on Pay debate and that active investors have encouraged you to implement this policy over the last several years.

We further believe that the advisory vote on executive compensation is especially important for the financial services industry. Many banks that were recipients of TARP funds, and therefore required to implement an advisory vote in 2009, found the

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administrative experience of adding the vote to the proxy statement was not a burden. In addition, with the vote in proxy statements last year, many financial firms instituted or expanded outreach to investors to seek feedback and counsel on the quality of disclosure metrics, pay for performance, perks and the overall pay package. From our discussions, it appears that these conversations were uniformly helpful, both providing feedback for improvement and, frequently, affirmation of policies already in effect. Without a doubt, the opportunity for investors to have an annual advisory vote, coupled with investor engagement with management or boards, is an important communication vehicle for investors and companies alike.

Moreover, public policy is likely to move in the direction of requiring Say on Pay in the near future. As you know, the sweeping financial reform legislation that passed December 11, 2009 in the U.S. House of Representatives includes a provision for the advisory vote. There is also a bill advocating Say on Pay under discussion in the U.S. Senate. It is also noteworthy that firms in the United Kingdom and continental Europe, already subject to an Advisory Vote, are facing much more restrictive legislation related to bonuses.

Finally, approximately 40 companies to date, have voluntarily adopted the advisory vote on executive compensation. Most recently, and of particular relevance for financial services firms, is the December 11 decision by Goldman Sachs' Board to implement Say on Pay, beginning in the company's 2010 proxy statement. Goldman's decision, in part, stems from extensive engagement with investors led by the firm's top management. In January State Street followed suit.

We believe Goldman Sachs', State Street's and Bank of New York Mellon's recent decisions represent an important precedent for other financial services firms. Adopting Say on Pay is not only an idea whose time has come, it is a reasonable and modest step compared to other remedies under consideration to address executive compensation in the industry. As investors who actively voice our concerns in the compensation debate, we urge management and the Board to move with dispatch to adopt and implement an annual advisory vote on executive compensation starting in 2010.

As always, we are pleased to discuss this request further with Bank of America management and directors. We look forward to your response, which should be directed to Timothy Smith (617-726-7155 or tsmith@bostontrust.com) who will communicate and coordinate directly with the signatories.

Thank you for your attention to this urgent request.