New York City Comptroller
John C. Liu

NEWS RELEASE

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LIU, NYC PENSION FUNDS CALL FOR END TO GOLDEN PARACHUTES

Massive Change-in-Control Payments to Executives Leave Pensioners Holding the Bag

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NEW YORK, NY – Comptroller John C. Liu and the New York City Pension Funds called on four corporations to rein in excessive payments to executives resulting from corporate mergers and acquisitions.

"These payments have upgraded golden parachutes into platinum parachutes at the expense of retirees and pensioners," Comptroller Liu said. "The shareholders suffer when these parachutes get out of control. It's adding insult to injury when taxpayers are ultimately forced to foot the bill for these bloated executive payouts and then cover the executives' tax bill."

Corporate mergers and acquisitions trigger what are known as change-in-control payments to executives. When the payments reach a certain ceiling, a 20% excise tax kicks in. Most corporations agree to cover this excise tax along with the resulting income taxes for the executives.

The cost to corporations can triple when they agree to cover the executives' taxes. RiskMetrics Group reports that the average potential change-in-control payment at corporations that cover executives' taxes was $72.5 million in 2008.

The request was made in shareholder proposals submitted to Anadarko Petroleum Corp. (NYSE: APC), NewAlliance Bancshares, Inc. (NYSE: NAL), R.R. Donnelly & Sons Co. (NASDAQ: RRD), and WellPoint, Inc. (NYSE: WLP).

The Comptroller also submitted, but subsequently withdrew, the proposals at AES Corporation (NYSE: AES) and Motorola Solutions, Inc. (NYSE: MSI). Both corporations adopted key portions of the Pension Funds' request and will no longer pay tax bills for executives under any new or changed employment agreements.

Shareholders will vote on the NYC Pension Funds' proposal during the firms' spring 2011 shareholder meetings.

The New York City Comptroller serves as the investment advisor to, custodian and trustee of the New York City Pension Funds. The New York City Pension Funds are comprised of the New

York City Employees' Retirement System, Teachers' Retirement System, New York City Police Pension Fund, New York City Fire Department Pension Fund and the Board of Education Retirement System. The New York City Pension Funds hold a combined 7,485,610 total shares in AES Corporation (NYSE: AES), Anadarko Petroleum Corp. (NYSE: APC), Motorola Solutions, Inc. (NYSE: MSI), NewAlliance Bancshares, Inc. (NYSE: NAL), R.R. Donnelly & Sons Co. (NASDAQ: RRD), and WellPoint, Inc. (NYSE: WLP) for a combined asset value of $289,606,820.15 as of 2/8/2011.

TEXT IN-FULL OF SHAREHOLDER PROPOSAL:

LIMIT CHANGE-IN-CONTROL PAYMENTS

Submitted by John C. Liu Comptroller, City of New York, on behalf of the Boards of Trustees of the New York City Pension Funds & Retirement Systems

RESOLVED: Shareholders request that the Board of Directors adopt a policy limiting change-in -control payments to any senior executive to no more than 2.99 times the five-year average of the executive's taxable compensation, including bonuses, other incentive payments, and other taxable payments triggered by a change in control.

SUPPORTING STATEMENT

Under the U.S. tax code, in addition to regular income tax, a 20 % excise tax is triggered if change-in-control payments made to executives exceed three times their average taxable income during the five years prior to the change in control. The tax is levied on payments above one times such income. If the tax is triggered, companies also lose a substantial tax deduction for the payouts.

A 2009 analysis by RiskMetrics Group of the 2008 proxy statement disclosures of S&P 500 companies found that the majority of companies (329) agreed to cover executives' excise taxes that are levied on such excessive change-in-control payments. Estimates suggest that 50 or more persons in an organization could be entitled to change-in-control payments and tax gross ups, and as high as 80 percent of new employment agreements may provide for tax gross ups. RiskMetrics' analysis found that the average potential change-in-control payments to top executives of companies providing the benefit stood at $72.5 million as of 2008, 65% higher than the average payment of $43.9 million reported by the 168 companies that do not provide the benefit.

A change-in-control event such as a merger or an individual or group acquiring a specified portion of the company's stock – sometimes as low as 30 percent, often triggers other payments that may push the final total change in control payments above the 2.99 times.

When companies grant excessive change-in-control payments to executives, then cover the executives' related excise taxes, and their regular income taxes as well (tax gross ups), the shareholders ultimately bear this costly burden.

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Proxy rating agencies such as RiskMetrics and Governance Metrics International consider change-in-control payments of three times or more of an executive's base compensation to be excessive and evidence of poor pay practices. The Emergency Economic Stabilization Act of 2008 prohibits companies receiving government aid from the Trouble Asset Relief Program from providing severance payments exceeding three times an executive's salary.

By reducing change-in-control payments, companies would avoid triggering the excise tax and the loss of the tax deduction, thereby, protecting the investment interests of their shareholders.

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