

The State of New Hampshire



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FOR IMMEDIATE RELEASE

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INSURANCE GIANT AGREES TO SWEEPING REFORMS ***NH STATE PLAN PARTICIPANTS TO RECEIVE \$2.75 million in*** ***RESTITUTION***

CONCORD, NH (October 10, 2006) - New Hampshire Securities Director Mark Connolly and New York Attorney General Elliot Spitzer today announced a landmark agreement that will set new national standards for transparency in the marketing of retirement products and provide \$2.75 million compensation to more than 5000 participants in the New Hampshire State Employees Deferred Compensation Plan.

The settlement with Dutch insurance giant ING revolves around an 18 month investigation of the company and its role as plan administrator for the New Hampshire Plan. The settlement was reached in conjunction with New York authorities after a 4 month joint effort that will also bring compensation to over 50,000 teachers in the state of New York.

“This is a win for all investors,” said Director Connolly. “Mutual fund investors need to be told all important facts, including conflicts and costs, associated with their retirement plans. Working closely with the New York Attorney General’s office, we believe we have developed a comprehensive disclosure statement which will be an impetus for positive change throughout the entire retirement planning industry.”

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“This agreement raises the bar for the entire retirement products industry,” said Attorney General Spitzer. “It will help ensure that workers receive accurate and complete information needed to make good investment decisions.”

The New Hampshire Securities Bureau initiated an investigation in 2004 when ING admitted in a federal securities filing it had been subject to active trading, or so called market timing and late trading practices. Market timing involves frequent trading activities that can increase costs and harm overall fund performance. Late trading involves the purchase of mutual fund shares after the close of securities markets.

In a cease and desist order filed June 8 of this year, the N.H. Bureau alleged that ING failed to disclose several important facts to participants in the state’s Deferred Compensation Plan. The Bureau specifically alleged that ING failed to inform participants that the company received extra revenue for including mutual funds of preferred companies in the Plan, and failed to disclose that it knew of - and in some instances contributed to - extensive market timing problems with certain mutual funds within the Plan.

Under today’s settlement, ING has agreed to set a new industry standard for retirement product disclosure by providing a simple cover-page summary of all costs associated with each plan it offers. (See attached) This disclosure will include a chart that demonstrates the impact that these costs have on long term investments. On this disclosure page, ING will also explain that mutual fund managers often pay ING to have their funds appear on the menu of options offered to investors.

ING will also pay \$2.75 million directly to New Hampshire Deferred Compensation Plan participants in the form of restitution and \$225,000 to the state for costs associated with the investigation. Each Plan participant will receive a portion of this fund calculated on the basis of their investment history.

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Bureau Director Mark Connolly thanked New York Attorney General Elliot Spitzer's Investment Protection Bureau, under the direction of Chief David Brown IV, for its cooperation in the investigation and settlement discussions.

The investigation and settlement were undertaken in New Hampshire by Bureau Attorneys David Allen, Jonas Cutler and Special Council Edward Haffer, under the direction of Director of Enforcement, Attorney Jeffrey Spill.

DIRECTOR MARK CONNOLLY AND BUREAU STAFF WILL BE AVAILABLE FOR A BRIEFING AT 10:30 AM IN ROOM 425 ON THE FOURTH FLOOR OF THE STATE HOUSE ANNEX BUILDING.

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