

National Association of Securities Dealers, Inc. = 1735 K Street, NW = Washington, DC 20006 = 202-728-8000

November 15, 1997

Dear Member:

We are in the process of planning for the 1998 Annual Meeting of Members where Members will be asked to elect 22 Governors. The Members and the SEC just approved changes to the NASD By-Laws designed to improve our corporate governance structure so that we will be able to operate more effectively and efficiently. The National Nominating Committee has developed a slate of well-qualified and diverse Nominees. Enclosed you will find a Notice of Nominees identifying the persons nominated by the Committee as well as brief profiles of those Nominees.

Each nominee is identified not only as "Industry," "Non-Industry," or "Public," but also by the length of the term for which the person has been proposed. Under the new By-Laws, the different term lengths are necessary this year only, in order to implement a new board with staggered terms.

We anticipate that the Meeting will be held on or about January, 15, 1998, and that formal notice of the Meeting will be mailed to Members on or about December 15, 1997. The notice will include proxies for those Members who wish to vote by proxy. Since the schedule coincides with the busy holiday season, it is anticipated that a second proxy document will be mailed, followed by telephone reminders, during the period between December 15, 1997, and January 15, 1998. This should ensure that sufficient proxies are received to constitute the quorum required by the By-Laws.

This new board structure will provide for a more efficient and effective corporate structure, and we look forward to your participation in its implementation.

Very truly yours,

Frank G. Zarb Chairman, President & CEO

Special NASD Notice to Members 97-86

Nominees For NASD Board Of Governors

Suggested Routing

- Senior Management
- Advertising
- Continuing Education
- Corporate Finance
- Government Securities
- Institutional
- □ Insurance
- Internal Audit
- Legal & Compliance
- Municipal
- Mutual Fund
- Operations
- Options
- Registered Representatives
- Registration
- Research
- Syndicate
- Systems
- □ Trading
- □ Training
- □ Variable Contracts

National Association of Securities Dealers, Inc. Notice Of Nominees

The Annual Meeting of Members of the National Association of Securities Dealers, Inc. (NASD[®]) will be held on or about January 15, 1998. A notice of meeting, including the precise date, time and location of the Annual Meeting, will follow on or about December 15, 1997.

Pursuant to Section 10 of Article VII of the By-Laws of the NASD, a person who has not been so nominated for election to the Board of Governors may be included on the ballot for the election of Governors if (a) within 30 days of the date of this *Notice* such person presents to the Secretary of the NASD petitions in support of such nomination duly executed by at least 3 percent of the members of the NASD, and (b) the Secretary certifies that such petitions have been duly executed by the Executive Representatives of the requisite number of members of the NASD and the person being nominated satisfies the classification of the governorship to be filled based on the information provided by the person as is reasonably necessary for the Secretary to make the certification.

Questions regarding this *Notice* may be directed to:

Joan C. Conley Corporate Secretary National Association of Securities Dealers, Inc. 1735 K Street, N.W. Washington, D.C. 20006-1500 (202) 728-8381 The following persons (see attached profiles) have been nominated by the National Nominating Committee¹ to serve on the Board of Governors of the NASD for a term of no more than three years or until their successors are duly elected and qualified:

INDUSTRY

	Name	Term	
	E. David Coolidge, III Chief Executive Officer William Blair & Company, L.L.C.	1998-1999	
	James Dimon President, COO and Director of Travelers Group Chairman & CEO of Smith Barney Inc.	1998-1999	
	Jon S. Corzine Chairman & CEO Goldman, Sachs & Co.	1998-2000	
	Kenneth J. Wessels Chief Executive Officer Wessels, Arnold & Henderson, L.L.C.	1998-2000	
	Herbert M. Allison, Jr. President & COO Merrill Lynch & Co., Inc.	1998-2001	
	Frank E. Baxter Chairman, President & CEO Jefferies Group & Co., Inc.	1998-2001	
	Donald B. Marron Chairman & CEO PaineWebber Group, Inc.	1998-2001	
	Todd A. Robinson Chairman & CEO Linsco/Private Ledger Corporation	1998-2001	
NON-INDUSTRY			
	Bridget A. Macaskill President & CEO Oppenheimer Funds, Inc.	1998-1999	
	James F. Rothenberg President and Director Capital Research & Management Company	1998-1999	
	Arvind Sodhani (Issuer Nominee) Vice President & Treasurer Intel Corporation	1998-2000	

	Name	Term	
	Michael W. Brown (Issuer Nominee) Retired Chief Financial Officer Microsoft Corporation	1998-2001	
	Harry P. Kamen (Insurance Affiliated Nominee) Chairman & CEO Metropolitan Life Insurance Co.	1998-2001	
	James S. Riepe (Investment Co. Nominee) Vice Chairman T. Rowe Price Associates, Inc.	1998-2001	
	Howard Schultz (Issuer Nominee) Chairman & CEO Starbucks Coffee Company	1998-2001	
PUBLIC			
	Elaine L. Chao Distinguished Fellow The Heritage Foundation	1998-1999	
	Donald J. Kirk Executive-in-Residence Columbia University	1998-1999	
	John D. Markese President American Assoc. of Individual Investors	1998-1999	
	Nancy Kassebaum Baker Former United States Senator	1998-2000	
	Robert R. Glauber Adjunct Lecturer Kennedy School, Harvard University	1998-2000	
	Philip R. Lochner, Jr. Senior Vice President Time Warner, Inc.	1998-2000	
	Paul H. O'Neill Chairman & CEO ALCOA	1998-2001	

National Association of Securities Dealers, Inc.

Profiles Of Board Nominees

Nominees For Industry Governors

Herbert M. Allison, Jr. is President and Chief Operating Officer of Merrill Lynch & Co., Inc. Mr. Allison began his career with Merrill Lynch in 1971 and was elected President and Chief Operating Officer of the firm in January 1997. Mr. Allison holds a B.A. in Philosophy from Yale and an M.B.A. from Stanford.

Frank E. Baxter is Chairman, President and Chief Executive Officer of Jefferies & Co., Inc. Mr. Baxter joined Jefferies & Co. in 1974 and was elected Chairman, President and Chief Executive Officer of the firm in 1990. Mr. Baxter is a Director of the Securities Industries Association. Mr. Baxter holds a B.A. from the University of California, Berkeley.

E. David Coolidge, III is Chief Executive Officer of William Blair & Company, L.L.C. Mr. Coolidge joined William Blair & Company in 1969 and was elected Chief Executive Officer of the firm in 1995. Mr. Coolidge currently serves on the Board of the Pittway Corporation, the Kellogg Graduate School of Management at Northwestern University, the University of Chicago, the Rush-Presbyterian-St. Luke's Medical Center, the Rush North Shore Medical Center, and the Better Government Association. Mr. Coolidge holds a B.A. from Williams College and an M.B.A. from the Harvard Graduate School of Business. Mr. Coolidge currently serves on the NASD, Inc., Board of Governors and is a member of the NASD, Inc., Audit Committee.

Jon S. Corzine is Chairman and Chief Executive Officer of Goldman, Sachs & Co. Mr. Corzine joined Goldman Sachs in 1975 and was appointed Chairman and Chief Executive Officer of the firm in 1994. Mr. Corzine currently serves as a member of the Federal Reserve Bank of New York's International Capital Markets Advisory Committee, the Public Securities Association, the Board of Trustees of the University of Chicago, and the Institute for International Economics. In March of 1997, Mr. Corzine was appointed Co-Chair of the Presidential Commission to Study Capital Budgeting. Mr. Corzine holds a B.A. from the University of Illinois and an M.B.A. from the University of Chicago. Mr. Corzine currently serves on the NASD, Inc., Board of Governors.

James (Jamie) Dimon is President, Chief Operating Officer and Director of Travelers Group, and Chairman and Chief Executive Officer of Smith Barney Inc. Mr. Dimon joined the firm in 1986. He was appointed President of Travelers Group in 1991 and became Chief Operating Officer in 1993. He was named Chairman and Chief Executive Officer of Smith Barney in 1996. Mr. Dimon is on the Board of Trustees of New York University Medical Center, the Board of Directors of the Center on Addiction and Substance Abuse, and the Board of Directors of Tricon Global Restaurants, Inc. Mr. Dimon holds a B.A. from Tufts University and an M.B.A. from Harvard University Graduate School of Business. He currently serves on the NASD, Inc., Board of Governors and is Chairman of the NASD, Inc., Management Compensation Committee.

Donald B. Marron is Chairman and Chief Executive Officer of PaineWebber Group, Inc. Mr. Marron joined PaineWebber in 1977 as President. He was elected Chief Executive Officer in 1980 and Chairman of the Board in 1981. Mr. Marron currently serves as a private sector Co-Chair on the National Commission on Retirement Policy; is Vice Chairman and former President of The Museum of Modern Art; serves on the boards of the Memorial Sloan Kettering Cancer Center and the Dana Foundation; and is a member of the Governor's International Business Development Council. Mr. Marron is a co-founder and former chairman of DRI and a member of the Council on Foreign Relations. **Todd A. Robinson** is Chairman and CEO of Linsco/Private Ledger Corporation (LPL Financial Services). Mr. Robinson became CEO of Linsco Financial Group in 1985 and merged it with Private Ledger Corp. in 1989, creating Linsco/Private Ledger Corporation. Mr. Robinson holds a B.A. from Bates College. He was Chairman of the NASD District 11 Business Conduct Committee, an original member of the Securities Industry Task Force on Continuing Education, and serves on numerous industry committees. Mr. Robinson was elected Chairman of the NASD Regulation, Inc., Board of Directors in 1997 and serves as Chairman of the Executive Committee and the Independent Dealers/Insurance Affiliate Committee.

Kenneth J. Wessels is Chief Executive Officer of Wessels, Arnold and Henderson. Mr. Wessels co-founded the firm in 1986. Mr. Wessels is a former chairman and member of the NASD, Inc., Board of Governors (1990). He holds a B.A. in Business Administration from the University of Missouri. Mr. Wessels currently serves as a member of The Nasdaq Stock Market, Inc., Board of Directors and Executive Committee.

Nominees For Non-Industry Governors

Michael W. Brown is the Retired Chief Financial Officer of Microsoft Corporation. Mr. Brown was appointed Chief Financial Officer of Microsoft Corporation in 1994, having joined the firm as Treasurer in 1989. Prior to that time, Mr. Brown spent 18 years with the public accounting firm of Deloitte and Touche. Mr. Brown currently serves as a Director of Wang Laboratories, Kurzweil Educational Systems, Citrix Systems, Administaff, Inc., and a Trustee of the Financial Executive Research Foundation. He is a member of the Center for Strategic and International Studies, the Financial Executives Institute, the American Institute of Certified Public Accountants, and the University of Washington School of Business Administration Advisory Board. Mr. Brown holds a B.A. in Economics from the University of Washington. Mr. Brown currently serves as Chairman of The Nasdaq Stock Market, Inc., Board of Directors and Executive Committee.

Harry P. Kamen is Chairman of the Board and Chief Executive Officer of Metropolitan Life Insurance Co. Mr. Kamen has served as Chairman and Chief Executive Officer of Metropolitan Life Insurance Company since 1993, having joined the organization in 1959. Mr. Kamen serves as a Director of the following business corporation Boards: Banco Santander (Spain), Bethlehem Steel Corp., Pfizer, Inc., The New England Life Insurance Co., and New England Investment Companies. Mr. Kamen holds an A.B. from the University of Pennsylvania and an LL.B. from Harvard University Law School.

Bridget A. Macaskill is President and Chief Executive Officer of Oppenheimer Funds, Inc. Ms. Macaskill was named President of the Oppenheimer Funds, Inc., in 1991 and Chief Executive Officer in 1995, having joined the firm in 1983. Ms. Macaskill serves on the Oppenheimer Funds, Inc., Board of Directors and Executive Committee, and the boards of the Oppenheimer funds. She is also a member of the Board of Directors of Hillsdown Holdings. Ms. Macaskill holds an undergraduate degree from Edinburgh University in Scotland, and pursued post-graduate work at Edinburgh College of Commerce. Ms. Macaskill is currently a member of The Nasdaq Stock Market, Inc., Board of Directors and Finance Committee.

James S. Riepe is Vice Chairman of the Board of Directors of T. Rowe Price Associates, Inc., and serves as Director/Officer of all the T. Rowe Price mutual funds. Mr. Riepe has been in the investment management business since 1969, and joined T. Rowe Price in 1982. He is a former Chairman of the Board of Governors of the Investment Company Institute and currently a member of its Executive Committee. He holds a B.S. and an M.B.A. from the University of Pennsylvania's Wharton School. Mr. Riepe currently serves on the NASD Regulation, Inc., Board of Directors and the following NASD Regulation, Inc., Committees: Executive, Finance and Investment Companies (Chair).

James F. Rothenberg is President and Director of Capital Research and Management Company. Mr. Rothenberg assumed the position of President and Director of Capital Research and Management Company in 1994, having joined the company in 1970. Mr. Rothenberg serves on the Boards of the Huntington Memorial Hospital, KCET (Public Television for Southern and Central California), and the Westridge School. Mr. Rothenberg holds a B.A. in English from Harvard College and an M.B.A. from Harvard Graduate School of Business. He currently serves on The Nasdaq Stock Market, Inc., Board of Directors and The Nasdaq Stock Market, Inc., Finance Committee.

Howard Schultz is Chairman and Chief Executive Officer of Starbucks Coffee Company. Mr. Schultz joined Starbucks Coffee Company in 1982. He serves on the Board of Directors of a number of emerging growth companies. Mr. Schultz holds a B.S. from Northern Michigan University.

Arvind Sodhani is Vice President and Treasurer of Intel Corporation. Mr. Sodhani was elected Vice President of Intel Corporation in 1990, having joined the corporation in 1981. Mr. Sodhani holds a B.S. and M.S. from the University of London, and an M.B.A. from the University of Michigan. Mr. Sodhani currently serves as a member of The Nas-daq Stock Market, Inc., Board of Directors and Finance Committee.

Nominees For Public Governors

Nancy Kassebaum Baker is a former United States Senator. Mrs. Baker served in the United States Senate from December 1978 to January 1997, chairing the Labor and Human Resource Committee, the Foreign Relations Committee's Subcommittee on African Affairs, and the Commerce Committee's Subcommittee on Aviation. Mrs. Baker currently serves on the Robert Wood Johnson Foundation, the Ewing Kauffman Foundation, the NCAA Foundation, and the Kaiser Family Foundation. Mrs. Baker holds a bachelor's degree from the University of Kansas in Political Science and a master's degree in Political History from the University of Michigan. Mrs. Baker currently serves on the NASD, Inc., Board of Governors.

Elaine L. Chao was appointed a Distinguished Fellow at The Heritage Foundation in 1996. Prior to this, she was President and Chief Executive Officer of the United Way of America, Director of the Peace Corps, and Deputy Secretary of the U.S. Department of Transportation. She was also Vice President, Syndications, at Bank America Capital Markets Group. Ms. Chao is currently a Director of Dole Food Company, Inc., Vencor, Inc., and Protective Life Corporation. Ms. Chao holds an A.B. from Mt. Holyoke College and an M.B.A. from Harvard University Business School. Ms. Chao currently serves on the NASD, Inc., Board of Governors and Audit Committee.

Robert R. Glauber is an Adjunct Lecturer at the Center for Business and Government, Kennedy School, Harvard University. Mr. Glauber joined the Kennedy School faculty in 1992, after serving as Undersecretary of the U.S. Treasury for Finance from 1989-1992. Previously, he was a professor at the Harvard Business School for 25 years. Mr. Glauber served as Executive Director of the task force (Brady Commission) appointed by President Reagan to study the 1987 stock market crash. Mr. Glauber is Chairman of The Measurisk Group, a risk advisory and software development firm. He serves as a Director of the Dreyfus Group of mutual funds, Mid-Ocean Reinsurance Co., Ltd., Cooke & Bieler, Inc., the Federal Reserve Bank of Boston, and the Investment Company Institute. Mr. Glauber holds a B.A. from Harvard College in Economics and a doctorate in Finance from Harvard Business School. He currently serves as Vice Chairman of the NASD Regulation, Inc., Board of Directors and on the following NASD Regulation, Inc., Committees: Executive, Finance and Investment Companies.

Donald J. Kirk is Executive-in-Residence at Columbia University, Graduate School of Business. Mr. Kirk became a Professor of Accounting at Columbia University in 1987 and served in that capacity until 1995 when he became an Executive-in-Residence at the school. Mr. Kirk served as a member of the Financial Accounting Standards Board from 1973 to 1987, serving as Chairman from 1978 to 1987. Mr. Kirk currently serves as a Director of General Re Corporation, as a Trustee of the Fidelity Group of Mutual Funds, and is a member of the Public Oversight Board of the American Institute of CPAs. Mr. Kirk holds a B.A. from Yale University and an M.B.A. from New York University. Mr. Kirk currently serves on the NASD, Inc., Board of Governors and is Chairman of the NASD, Inc., Audit Committee.

Philip R. Lochner, Jr. is Senior Vice President of Time Warner, Inc. Mr. Lochner became General Counsel in 1988, departed for an 18-month tenure as a Commissioner of the Securities and Exchange Commission, and was elected Senior Vice President of Time Warner, Inc., in 1991. Mr. Lochner serves as a Director on several non-profit organizations and advisory councils. Mr. Lochner holds a B.A. and LL.B. from Yale University, and a Ph.D. from Stanford University. Mr. Lochner was a Fulbright Fellow, having studied at the University of London from 1967 to 1968. Mr. Lochner currently serves on the NASD Regulation, Inc., Board of Directors and Executive Committee.

John D. Markese is President of the American Association of Individual Investors. Mr. Markese holds a doctorate in Finance from the University of Illinois. Mr. Markese currently serves on The Nasdaq Stock Market, Inc., Board of Directors.

Paul H. O'Neill is Chairman and Chief Executive Officer of ALCOA. Mr. O'Neill joined ALCOA in 1987 as Chairman and Chief Executive Officer. Prior to joining ALCOA, Mr. O'Neill was President of International Paper Company, having joined that firm as Vice President, Planning, in 1977. Mr. O'Neill serves on several Boards and Advisory Groups, including the RAND Corporation, the Institute for International Economics, Lucent Technologies, Council for Excellence, and the Gerald R. Ford Foundation. Mr. O'Neill holds a B.A. in Economics from Fresno State College and an M.A. in Public Administration from Indiana University.

Endnotes

¹ NASD National Nominating Committee—Committee Chair: Daniel P. Tully, Merrill Lynch & Co. Members: John W. Bachmann, Edward D. Jones & Co., Thomas Hale Boggs, Jr., Patton Boggs, L.L.P., John S. Chalsty, Donaldson, Lufkin & Jenrette, Inc., Alfred E. Osborne, Jr., UCLA, Bert C. Roberts, Jr., MCI Communications Corporation.

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