

ACTION REQUESTED

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## Board Elections

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### NASD Notice Of Meeting And Proxy

SUGGESTED ROUTING

*The Suggested Routing function is meant to aid the reader of this document. Each NASD member firm should consider the appropriate distribution in the context of its own organizational structure.*

- Executive Representatives

KEY TOPICS

- Board Elections

The Annual Meeting of Members of the National Association of Securities Dealers, Inc. (NASD®) will be held on September 13, 2001, at 10:00 a.m., at the Loews L'Enfant Plaza Hotel, 480 L'Enfant Plaza, SW, in Washington, DC. The purpose of the meeting is to conduct the election of Governors to the NASD Board. Members can raise other topics for discussion by properly notifying the NASD of these topics.<sup>1</sup> The record date for the Annual Meeting is the close of business on August 9, 2001.

It is important that all members be represented at the Annual Meeting. Members are urged to vote in the election of Board members using one of the methods described below.

### Board Of Governors Election

There are eight vacancies to be filled at this meeting—four Industry governorships and four Non-Industry governorships. The nominees for the vacancies are listed in Attachment A. The nominees elected will serve for terms specified in Attachment A.

Attachment B includes the biographies of the nominees of the NASD National Nominating Committee. Attachment C contains the names of the current Board of Governors.

### Voting Methods

Members will be able to vote using one of the following three methods:

- U.S. Mail
- Internet
- Phone

The enclosed proxy contains detailed instructions on the voting procedures.

### Questions regarding this notice may be directed to:

*Barbara Z. Sweeney  
Senior Vice President and Corporate Secretary  
National Association of Securities Dealers, Inc.  
1735 K Street, NW  
Washington, DC 20006-1500  
(202) 728-8062*

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<sup>1</sup> Pursuant to Sections 1 and 3(b) of Article XXI of the NASD By-Laws, an NASD member may properly bring any other business before the Annual Meeting by giving timely notice in writing to the Secretary of the NASD. In addition, the member must be an NASD member at the time of the delivery of such notice, and the other business must be a proper matter for member action. To be timely, a member's notice must be delivered to the Secretary at the NASD's principal executive offices (the address is listed above) within 25 days of the date of this notice. The member's notice must offer a brief description of the other business, any material interest of the member in such business, and the reasons for conducting such business at the Annual Meeting.

## **ATTACHMENT A—LIST OF NOMINEES**

The following persons have been nominated by the NASD National Nominating Committee to serve on the Board of Governors of the NASD for a term specified below. Terms run from September 13, 2001 to September 2004.

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### **INDUSTRY                      Terms of Office 2001-2004**

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<b>John W. Bachmann</b>	<i>Managing Partner, Edward Jones</i>
<b>Richard F. Brueckner</b>	<i>Chief Operating Officer, Pershing Division of Credit Suisse First Boston (Clearing Firm Candidate)</i>
<b>Stephen L. Hammerman</b>	<i>Vice Chairman of the Board, Merrill Lynch &amp; Co., Inc. (National Retail Firm Candidate)</i>
<b>Raymond A. Mason</b>	<i>Chairman of the Board and Chief Executive Officer, Legg Mason Wood Walker, Inc. (Regional Retail Firm Candidate)</i>

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### **NON-INDUSTRY                Terms of Office 2001-2004**

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<b>James E. Burton</b>	<i>Chief Executive Officer, California Public Employees' Retirement System</i>
<b>Sir Brian Corby</b>	<i>Chairman, Prudential Assurance Company (Retired)</i>
<b>Harry P. Kamen</b>	<i>Chairman of the Board and Chief Executive Officer, Metropolitan Life Insurance Company (Retired)</i>
<b>John Rutherford</b>	<i>President and Chief Executive Officer, Moody's Corporation</i>

## **ATTACHMENT B—BOARD NOMINEE PROFILES**

### **Profiles Of Board Nominees For Industry Governors**

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## **Industry**

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### **John W. Bachmann**

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John W. Bachmann is Managing Partner of Edward Jones. Mr. Bachmann began his career at Jones as a part-time college intern, eventually succeeding Edward D. Jones, Jr. as Managing Partner in 1980. During Mr. Bachmann's tenure, Edward Jones has grown from 200 to 7,000-plus offices in the United States, and it has expanded to Canada and the United Kingdom. Mr. Bachmann has also served two terms as Chairman of the Securities Industry Association, as a member of the board of governors of the Chicago Stock Exchange, and as Chairman of District 4 for the NASD. Currently, Mr. Bachmann is Chairman of the Regional Chamber and Growth Association, and a Director of the U.S. Chamber of Commerce. He holds a BA degree in Economics from Wabash College, an MA degree in Finance from Northwestern University, two honorary degrees, and is a graduate of the Institute of Investment Banking at the Wharton School of Business.

### **Richard F. Brueckner**

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Richard F. Brueckner is Chief Operating Officer of the Pershing Division of Credit Suisse First Boston (formerly DLJ Securities Corporation) and Managing Director of its Financial Services Group. He previously was Treasurer of DLJ Securities and Chief Financial Officer of Pershing. Mr. Brueckner is Chairman of the Board of Trustees and CEO of the Securities Industry Foundation for Economic Education, and has served as a Governor of the NASD, Chairman of the NASD's National Adjudicatory Council, and Chairman of the NASD's New York District Committee. Mr. Brueckner graduated from Muhlenberg College with a BA degree in Economics and is a Certified Public Accountant.

### **Stephen L. Hammerman**

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Stephen L. Hammerman is Vice Chairman of the Board of Merrill Lynch & Co., Inc., serves on the corporation's Board of Directors, and is a member of the firm's Executive Committee. He has served as a Director of the New York Stock Exchange, as Chairman of the NASD, and as Director of the Securities Investors Protection Corporation. In addition to having served the government as New York Regional Administrator for the SEC and as an Assistant US Attorney in the Criminal Division for the southern district of New York, Mr. Hammerman is active in philanthropic, educational, and community affairs. Mr. Hammerman is a graduate of the University of Pennsylvania's Wharton School and received his law degree from New York University.

**Raymond A. Mason**

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Raymond A. Mason founded Mason and Company in 1962 and has spent his career building the financial services organization, Legg Mason, Inc. He serves as Chairman of the Board and Chief Executive Officer of its principal subsidiary, Legg Mason Wood Walker, Inc. Mr. Mason has served as Chairman and as a board member of the Securities Industry Association, Chairman of the Board of Governors of the NASD, and Chairman of the Regional Firms Committee of the New York Stock Exchange. Mr. Mason has many civic interests and is a trustee or board member of many educational and philanthropic institutions. Mr. Mason is Chairman-elect of the Johns Hopkins University Board of Trustees. He holds a BA degree in Economics from the College of William and Mary, and has received honorary Doctorate degrees from his alma mater, Loyola College, and Mount St. Mary's College.

## **Profiles Of Board Nominees For Non-Industry Governors**

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### **Non-Industry**

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#### **James E. Burton**

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James E. Burton is Chief Executive Officer of the California Public Employees' Retirement System, the nation's largest public pension fund. Previously, Mr. Burton served as Assistant Executive Officer of CalPERS investment operations, supervising investment operations in all asset classes. Prior to this position, Mr. Burton was Deputy State Controller. He has also served on a number of boards, commissions, and committees, and currently is Second Vice President and member of the Executive Committee of the National Association of State Retirement Administrators. He is also currently a member of the Executive Committee of the Council of Institutional Investors. Mr. Burton is a graduate of the University of San Francisco.

#### **Sir Brian Corby**

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Sir Brian Corby spent many years working for the Prudential Assurance Company in London where he held a number of positions—apart from working in its branch in South Africa—including Chief Actuary, Group Chief Executive, and Chairman. Sir Brian has held positions with advisory groups, art and educational institutions, and industry associations, including the Institute of Actuaries, where he qualified as a Fellow. He was a Director of the Bank of England from 1985 to 1993. Following his retirement from full-time executive employment, Sir Brian became President of the Confederation of British Industry from 1990 to 1992, the first such appointment from the insurance industry and he was Chancellor of the University of Hertfordshire from 1992 to 1996. Recently, Sir Brian has chaired a number of study groups for the Federal Trust on the subjects of European pension reform and venture capital and public-private partnerships in Europe. Sir Brian holds an honors degree in Mathematics from St. John's College, Cambridge, as well as three honorary degrees.

#### **Harry P. Kamen**

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Harry P. Kamen is former Chairman of the Board and Chief Executive Officer of Metropolitan Life Insurance Company. Mr. Kamen served in that capacity from 1993 to 1998, having joined the organization in 1959. He serves as a Director of the following corporate Boards: Banco Santander Central Hispano, Bethlehem Steel Corporation, Metropolitan Life, Pfizer Inc., and B-Direct Capital. Mr. Kamen holds an AB from the University of Pennsylvania and an LLB from Harvard University Law School.

#### **John Rutherford, Jr.**

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John Rutherford is President and Chief Executive Officer of Moody's Corporation. Mr. Rutherford joined Moody's in 1995 to develop new business activities with the title of Managing Director, Moody's Holdings. He was appointed Chief Administrative Officer in 1996 and President in January 1998. Mr. Rutherford is a graduate of Princeton University and Harvard Law School.

## ATTACHMENT C—CURRENT BOARD MEMBERS

### Governors With Terms Expiring In 2001

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#### Industry

**Frank E. Baxter**

Chairman and CEO  
Jefferies Group, Inc.

**Donald B. Marron**

Chairman  
UBS PaineWebber Incorporated

**Kenneth D. Pasternak**

President and CEO  
Knight Trading Group

**Todd A. Robinson**

Chairman and CEO  
LPL Financial Services

#### Non-Industry

**Michael W. Brown**

Retired CFO  
Microsoft

**Harry P. Kamen**

Retired Chairman and CEO  
Metropolitan Life Insurance  
Company

**James S. Riepe**

Vice Chairman  
T. Rowe Group, Inc.

#### Public

### Governors With Terms Expiring In 2002

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#### Industry

**M. LaRae Bakerink**

First Vice President and Chief  
Compliance Officer  
Pacific American Securities, LLC

**David A. DeMuro**

Lehman Brothers, Inc.

**Richard C. Romano**

President  
Romano Brothers & Co.

#### Non-Industry

**H. Furlong Baldwin**

Chairman  
Mercantile Bankshares Corporation

**Eugene M. Isenberg**

Chairman and CEO  
Nabors Industries, Inc.

**Arthur Rock**

Principal  
Arthur Rock & Co.

**James F. Rothenberg**

President  
Capital Research and  
Management Company

#### Public

**Kenneth M. Duberstein**

Chairman and CEO  
The Duberstein Group, Inc.

**Donald J. Kirk**

Vice Chairman  
Public Oversight Board  
American Institute of Certified  
Public Accountants

**John D. Markese**

President  
American Association of Individual  
Investors

## **Governors With Terms Expiring In 2003**

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### **Industry**

**William C. Alsover, Jr.**  
Chairman  
Centennial Securities  
Company, Inc.

**Anthony J. Boglioli**  
President  
Whitehall Brokerage Services, Ltd.

**David S. Pottruck**  
President and  
Co-Chief Executive Officer  
The Charles Schwab Corporation

### **Non-Industry**

**Arvind Sodhani**  
Vice President and Treasurer  
Intel Corporation

### **Public**

**Brian T. Borders, Esq.**  
Association of Publicly  
Traded Companies  
Mayer, Brown & Platt

**Sharon P. Smith**  
Dean, College of Business  
Administration  
Fordham University

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