

INFORMATIONAL

NASD Board Of Governors Nominees

Nominees For NASD Board Of Governors

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.

- Legal & Compliance
- Senior Management

KEY TOPICS

- NASD Board Of Governors

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 September 13, 2001. The formal notice of the meeting, including the precise date, time, and location of the Annual Meeting, will be mailed on or about August 10, 2001.

The individuals nominated by the NASD National Nominating Committee (NNC) for election to the NASD Board of Governors are identified in this *Special Notice*. Pursuant to Section 10 of Article VII of the NASD By-Laws, 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:

- within 45 days of the date of this *Special 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. As of the date of this *Special Notice*, the NASD has 5,575 voting members; therefore, the applicable 3 percent threshold is 167 members. *Please note, however, that as a result of recent amendments to the NASD By-Laws, if a candidate's name appears on a slate of nominees, the slate must be endorsed by 10 percent of the NASD's voting members. The applicable 10 percent threshold is 557 members; and*
- 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. *Please note that as a result of recent amendments to the NASD By-Laws, the composition of the NASD Board has changed.¹ The size of the NASD Board has been reduced to a maximum of 27 board members. Board member positions have been dedicated to the following three Industry segments: a national retail firm, a regional retail or independent financial planning member firm, and a clearing firm. Members may vote at the Annual Meeting for nominees to fill four Industry vacancies and four Non-Industry vacancies. The NNC nominees for these positions are attached.*

¹ NASD member vote was solicited in *Special NASD Notice to Members 00-90*. The membership approved the proposed amendment in voting that closed on January 22, 2001.

Special NASD Notice to Members 01-42

Questions regarding this *Special 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

or

T. Grant Callery
Senior Vice President and General Counsel
National Association of Securities Dealers, Inc.
1735 K Street, NW
Washington, DC 20006-1500
(202) 728-8285

The following persons (see attached profiles) have been nominated by the National Nominating Committee to serve on the Board of Governors of the NASD for a term noted or until their successors are duly elected or qualified. Terms of office run from September 13, 2001 to September 2004.

INDUSTRY	Terms of Office 2001-2004
----------	---------------------------

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

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

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

National Association of Securities Dealers, Inc.

Profiles Of Board Nominees For Industry Governors

Industry

John W. Bachmann

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

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

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.

Special NASD Notice to Members 01-42

Raymond A. Mason

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.

National Association of Securities Dealers, Inc.

Profiles Of Board Nominees For Non-Industry Governors

Non-Industry

James E. Burton

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

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

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.

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.

Special NASD Notice to Members 01-42

Governors With Terms Expiring In 2001

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

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

Special NASD Notice to Members 01-42

Governors With Terms Expiring In 2003

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

© 2001, National Association of Securities Dealers, Inc. (NASD). All rights reserved. Notices to Members attempt to present information to readers in a format that is easily understandable. However, please be aware that, in case of any misunderstanding, the rule language prevails.

Special Notices to Members are published on an accelerated basis and distributed independently of monthly *Notices to Members* newsletters. Numerical sequencing may thus appear to contain gaps during a given monthly publication cycle. Such temporary gaps reflect a priority in the production process and will disappear at the conclusion of monthly electronic posting and print distribution.

© 2001, National Association of Securities Dealers, Inc. (NASD). All rights reserved.

NASD and NASD MediaSource are registered service marks of the National Association of Securities Dealers, Inc. Central Registration Depository (CRD) is a service mark of the NASD and the North American Securities Administrators Association, Inc. (NASAA). NASD Regulation is a service mark of NASD Regulation, Inc. Nasdaq, Nasdaq National Market, OTC Bulletin Board, SelectNet, and The Nasdaq Stock Market are registered service marks of The Nasdaq Stock Market, Inc. Automated Confirmation Transaction (ACT) Service, Fixed Income Pricing System (FIPS), The Nasdaq SmallCap Market, and Small Order Execution System (SOES) are service marks of The Nasdaq Stock Market, Inc.

NASD Notices to Members is published monthly by NASD Corporate Communications, Rosa A. Maymi, Editor, NASD Communication Services, 1735 K Street, NW, Washington, DC 20006-1500, (202) 728-8981. No portion of this publication may be copied, photocopied, or duplicated in any form or by any means, except as described below, without prior written consent of the NASD. Members of the NASD are authorized to photocopy or otherwise duplicate any part of this publication without charge only for internal use by the member and its associated persons. Nonmembers of the NASD may obtain permission to photocopy for internal use through the Copyright Clearance Center (CCC) for a \$3-per-page fee to be paid directly to CCC, 222 Rosewood Drive, Danvers, MA 01923.

Each member firm's Executive Representative is entitled to one annual subscription to *Notices to Members* at cost (\$15 per year). Additional annual subscriptions are available for \$225; single issues cost \$25. To order, send a check or money order (payable to the National Association of Securities Dealers, Inc.) to NASD MediaSource, P.O. Box 9403, Gaithersburg, MD 20898-9403; to order with a credit card (American Express, MasterCard, or Visa), call (240) 386-4200, Monday to Friday, 9 a.m. to 5 p.m., Eastern Time. Back issues may be ordered by calling MediaSource at (240) 386-4200. Subscribers with subscription problems or address changes may contact NASD Corporate Communications at (202) 728-8885. To make an address change you may also send in writing your correct address with your publication mailing label showing current name, address, and label code. Send information to: Gina Cherry, NASD Corporate Communications, 1735 K Street, NW, Washington DC 20006-1500.

Notices to Members (December 1996 to current) are also available on the Internet at www.nasdr.com.