



NEWS RELEASE

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BRT CEOs Issue “Best Practices” Roadmap for Excellence in Corporate Governance
Guidelines Proposed To Increase Trust in U.S. Companies Post-Enron

Washington, DC — The CEOs of approximately 150 of the largest corporations in America today announced core principles to help American public companies meet their corporate governance responsibilities more effectively. In the wake of the Enron bankruptcy, the public, investors, and shareholders are demanding to know more about the workings of Corporate America. The Business Roundtable (BRT) today issued best practices in corporate governance, and the Roundtable’s member CEOs strongly encourage all U.S. public companies to adhere to these guidelines, which would help restore public trust in American business.

“America has the best corporate governance, financial reporting and securities market systems in the world, but we can further strengthen the system,” said Franklin D. Raines, Chairman and Chief Executive Officer of Fannie Mae, and Chairman of the Corporate Governance Task Force of The Business Roundtable. “These recommendations represent a roadmap for excellence in corporate governance that we urge all companies to follow.”

The Business Roundtable’s 2002 *Principles of Corporate Governance* call on companies to adopt a number of best practices in corporate governance, including:

- Require stockholder approval of stock options and restricted stock plans in which directors or executive officers participate;
- Create and publish corporate governance principles so that everyone from employees to potential investors understand the rules under which the company is operating;
- Provide employees with a way to alert management and the board to potential misconduct without fear of retribution;
- Require that only independent directors may sit on the board committees that oversee the three functions central to effective governance— audit, corporate governance and compensation

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- Ensure that a substantial majority of the board of directors comprises independent directors both in fact and appearance;
- Ensure prompt disclosure of significant developments;
- Establish a management compensation structure that directly links the interests of management to the long-term interests of stockholders, which includes a mix of long- and short-term incentives.
- Require the audit committee to recommend the selection and tenure of the outside auditor and consider what policies should be adopted by the company with respect to changing the outside auditor, rotating the audit engagement team personnel or limiting the hiring of such personnel.

These new guidelines build on the work The Business Roundtable has done on corporate governance issues for 25 years.

A copy of the BRT’s 2002 *Principles of Corporate Governance* can be obtained by visiting the BRT web site at www.brt.org.

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The Business Roundtable is an association of chief executive officers of leading corporations with a combined workforce of more than 10 million employees in the United States and \$3.5 trillion in revenues. The chief executives are committed to advocating public policies that foster vigorous economic growth and a dynamic global economy.