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Press Release

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Nasdaq Proposes Improvements to Corporate Governance Standards to Benefit Investors

Strengthens Definition of Independence for Audit Committee Directors; Requires Shareholder Approval of Officer and Director Stock Option Plans

New York, NY— The Nasdaq Stock Market, Inc. (Nasdaq®) today announced that the executive committee of its board of directors has approved initial recommendations and ideas from the Nasdaq Listing and Hearing Review Council to enhance corporate governance standards for the companies listed on Nasdaq. These recommendations were sent today to Securities and Exchange Commission Chairman Harvey Pitt in response to his letter to Nasdaq Chairman and CEO Wick Simmons and NYSE Chairman and CEO Richard Grasso on February 12, 2002.

The Council, which is a standing, independent, and expert advisory committee on listing and corporate governance issues, has identified a number of key areas for action, including: the redefinition of an independent director, requiring shareholder approval of stock option plans, and changes to the auditor selection process, codes of conduct, and continuing education for board members. Nasdaq is also considering the establishment of an annual award for the company in each market sector that displays the most enlightened and progressive practices in corporate governance.

"Nasdaq is fully committed to enhancing the markets through strong corporate governance requirements and supporting the spirit, as well as the letter, of these standards," said Simmons. "We plan to host two Nasdaq Corporate Governance Summits with our companies next month - one in the East and one in the West -to foster a dialogue on these recommendations. Final proposals will be brought back to our board for discussion and approval."

Helen Scott, Professor of Law at the New York University Law School and Co-Chair of the Nasdaq Listing and Hearing Review Council, commented, "Nasdaq is the leader in corporate governance among the world's markets and we are committed to maintaining that leadership."

Glenn Oxner, Executive Vice President at Scott & Stringfellow and Co-Chair of the Council added, "In today's environment, investor confidence is paramount. The best way to achieve this is to have the highest level of corporate governance and we are dedicated to this effort."

Proposed improvements include:

Ensuring independent directors on audit committees: Enron audit committee members were criticized for lacking independence due to their business or other relationships with the company. The Council recommends that the economic relationship between an audit committee director and a company be

further limited by tightening the definition of "independence." Additionally, executive officers of all stock markets would not be allowed to serve on the boards of the companies listed on their market. Current Nasdaq independence rules are the toughest and most transparent of any market and include objective, bright-line standards. For example, a director who receives compensation of more than \$60,000 for consulting or other non-board related services is not considered independent.

Expanding shareholder approval of stock option plans: A rule change that will be submitted to the Nasdaq board of directors in May would require that all stock option plans that include officers or directors must be approved by shareholders. While the current Nasdaq rule does generally require such shareholder approval, there is an exception for broadly based plans. The broadly based plan exception currently allows officer and director participation, as long as the majority of the options go to non-executive employees. Under the proposal, broadly based plans could not include officers and directors.

Codes of Conduct and broadening disclosure requirements:

Codes of Conduct: The Council recommends that all companies adopt a Code of Conduct as a best practice. There should also be board-approved procedures for monitoring compliance.

Non-U.S. Companies: Under consideration is a recommendation that the SEC require non-U.S. companies to disclose whether they have received a waiver of a corporate governance standard from Nasdaq. Moreover, Nasdaq is considering further improvements to our listing standards for foreign issuers to ensure that the spirit of U.S. corporate governance standards is met even when the letter of the foreign rules is different.

Strengthening audit committee authority: Audit committees of Nasdaq companies should, as a best practice, recommend the selection or replacement of each independent auditor. Transparency will be increased in the process. The Council recommends that this be coupled with a new SEC requirement that each company disclose in its annual report whether the board disagreed with any recommendations of its audit committee regarding the selection or replacement of independent auditors.

Harmonizing Nasdaq's Rules with Regulation Fair Disclosure: Nasdaq's current rules require that companies disclose material information to the public through a major wire service and notify Nasdaq in advance of doing so, to allow an assessment of whether a news dissemination halt is appropriate. Following the adoption of SEC Regulation FD, which allows for alternative means of dissemination including conference calls and web casts, there has been confusion among some issuers as to the acceptable means of information dissemination. To clarify this situation, the Council recommends that Nasdaq's rules be harmonized with Regulation FD, to facilitate full and fair disclosure, and address the current uncertainty among issuers.

Continuing education for all board members: Nasdaq supports the concept of continuing education for all board members and is an ongoing sponsor of several major corporate governance conferences. Nasdaq is considering a proposal to establish a best practice for the continuing education of board members.

Nasdaq is the world's largest stock market. With more than 4,000 companies, Nasdaq lists more companies and trades more shares per day than any other U.S. market. Over the past five years, Nasdaq has outpaced all other U.S. markets in listing IPOs. It is also home to category defining companies that are leaders across all areas of business including technology, retail, communications, transportation, media and healthcare industries. With operations on three continents, Nasdaq is a key driver of global capital formation. For more information about Nasdaq, visit the Nasdaq Web site at www.nasdaq.com or the Nasdaq NewsroomSM at www.nasdaqnews.com.