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New Online Program: On June 26th, join us for a complimentary "**Negotiating Public-Private Mergers**" teleconference available at

<http://www.realcorporatelawyer.com/CLE/CLEHome.html> - or review a teleconference transcript after the 26th (course materials are available now). The panel consists of:

Rick Climan, Partner, Cooley Godward LLP, Palo Alto and San Francisco

Wilson Chu, Partner, Haynes and Boone LLP, Dallas

Steve Glover, Partner, Gibson Dunn & Crutcher LLP, Washington, D.C.

New Feature: The latest SEC Telephone Directory (February 2002 edition) is now available at <http://www.realcorporatelawyer.com/2002PhoneBook.pdf>.

Congress: Sarbanes Introduces Far-Ranging Accounting Reform Bill

Senator Paul Sarbanes (D-Md.), head of the Senate Banking Committee, has circulated a draft bill regarding accounting reform. The bill is stricter than the one that Senators Dodd and Corzine introduced a few weeks ago - which has languished. It also is more restrictive than the House bill sponsored by Rep. Oxley that passed the House Financial

Services Committee last month.

However, Senator Sarbanes's plan to mark up his bill in committee has been slowed by Republicans who proposed 123 amendments to the bill. Senator Sarbanes now hopes to hold the markup some time after the Memorial Day recess - but the success of the bill is uncertain.

While the accounting reforms are not moving in Congress, 7 state legislatures are taking reform approaches that are quite different from the bills pending on the Hill. For example, the California Assembly is considering a bill that would limit the consulting services that accounting firms can provide to their audit clients - and the New York state legislature is considering one that would require companies to rotate their audit firms every five years. These legislative efforts are in addition to the Texas State Board of Public Accountancy's attempt to revoke Arthur Andersen LLP's license to do business in that state.

For a Washington Post article on the Sarbanes bill and state efforts, see <http://www.washingtonpost.com/wp-dyn/articles/A18198-2002May27.html>.

SEC I: SEC Receives Comments on Acceleration of 10-K and 10-Q Deadlines

Faced with a strict 30-day comment deadline, groups and individuals did their best to respond to the SEC's request for comments regarding the proposal to shorten the deadlines for filing Form 10-Ks to 60 days from a fiscal year-end; Form 10-Qs to 30 days from the quarter-end; and disclose whether periodic reports are posted on corporate Web sites.

Below is a brief analysis of the positions taken by some of the groups that responded:

American Society of Corporate Secretaries

- urges that filing deadlines be longer than proposed - at least 70 and 35 days
- asks for a lengthy phase-in period (perhaps 24 months) to permit companies to change their processes and make the investments needed to meet reduced filing deadlines

- as a safety net, desires lengthened periods permitted by Rule 12b-25 - from 15 days to 20 days for Form 10-K and from 5 days to 10 days for Form 10-Q

- provides detailed survey information - including estimated cost data - as well as anecdotal comments from individual survey respondents

American Corporate Counsel Association

urges that filing deadlines should either remain as they currently are - or be set at 75 days for the Form 10-K and 40 days for the Form 10-Q

points out in detail that there are many steps required to prepare the Form 10-K and Form 10-Q after the earnings release is issued

cautions that benefits of earlier disclosure should be balanced against importance of higher-quality disclosure

Business Roundtable

although acknowledges that shortened due date for Form 10-K will be difficult for some member companies, a substantial majority of members indicate that they would be able to meet the proposed filing deadline if provided a substantial transition period

regarding Form 10-Ks, recommends at least an 18-month transition period for companies with a calendar year fiscal year end

reports that majority of members could meet the proposed accelerated schedule (30 days) for the filing of the Form 10-Q without a serious diminution in quality, but that a substantial minority requested at least a 35 - 40 day deadline to assure quality

indicates most members believe they could file their Form 10-Qs within 40 days of quarter end for the first year after a rule change - and after that, could file within 35 days of quarter end

Comment letters on these topic submitted electronically to the SEC can be reviewed at <http://www.sec.gov/rules/proposed/s70802.shtml>.

SEC II: Analyst Independence Rules Approved

The SEC approved proposed NASDR and NYSE rule changes to address conflicts of interest that are raised when research analysts recommend securities. These rule changes take effect 60 to 180 days from issuance of the SEC's order, depending on the rule.

Among other matters, these rules address:

Promises of Favorable Research - The rules changes prohibit analysts from offering - or threatening to withhold - a favorable research rating or specific price target to force companies to use their investment banking services. The rule changes also impose "quiet periods" that bar a firm that is acting as manager or co-manager of a securities offering from issuing a report on a company within 40 days after an IPO or within 10 days after a secondary offering for an inactively traded company.

Limitations on Relationships and Communications - The rule changes prohibit research analysts from being supervised by the investment banking department. In addition, investment banking personnel will be prohibited from discussing research reports with analysts prior to distribution, unless staff from the firm's legal/compliance

department monitors those communications. Analysts will also be prohibited from sharing draft research reports with the target companies - other than to check facts after approval from the firm's legal/compliance department.

Analyst Compensation - The rule changes bar securities firms from tying an analyst's compensation to specific investment banking transactions. Furthermore, if an analyst's compensation is based on the firm's general investment banking revenues, that fact must be disclosed in the firm's research reports.

Firm Compensation - The rule changes require a securities firm to disclose in a research report if it managed or co-managed a public offering of equity securities for the company or if it received any compensation for investment banking services from the company in the past 12 months. A firm will also be required to disclose if it expects to receive or intends to seek compensation for investment banking services from the company during the next 3 months.

Restrictions on Personal Trading by Analysts - The rule changes bar analysts and members of their households from investing in a company's securities prior to its initial public offering if the company is in the business sector that the analyst covers. In addition, the rule changes will require "blackout periods" that prohibit analysts from trading securities of the companies they follow for 30 days before and 5 days after they issue a research report about the company. Analysts will also be prohibited from trading against their most recent recommendations.

Disclosures of Financial Interests in Covered Companies - The rule changes require analysts to disclose if they own shares of recommended companies. Firms will also be required to disclose if they own 1% or more of a company's equity securities as of the previous month end.

Disclosures in Research Reports Regarding the Firm's Ratings - The rule changes require firms to clearly explain in research reports the meaning of all rating terms they use, and this terminology must be consistent with its plain meaning. Additionally, firms will have to provide the percentage of all the ratings that they have assigned to buy / hold / sell categories and the percentage of investment banking clients in each category. Firms will also be required to provide a graph or chart that plots the historical price movements of the security and indicates those points at which the firm initiated and changed ratings and price targets for the company.

Disclosures during Public Appearances by Analysts - The rule changes require disclosures from analysts during public appearances, such as television or radio interviews. Guest analysts will have to disclose if they or their firm have a position in the stock and also if the company is an investment banking client of the firm.

The SEC has requested the NASD and NYSE to report within a year of implementing these rules on their operation and effectiveness - and whether they recommend any changes or additions to the rules.

A related SEC press release is at <http://www.sec.gov/news/press/2002-63.htm>. For the potential impact of these new rules on companies, see Fried, Frank's analysis below.

SEC III: Hunt for Fraudulent Revenue Practices Continues

As further evidence of the SEC's targeting of fraudulent accounting practices, the SEC filed civil lawsuits against five former officers of three software firms - Legato Systems, Unify Corp. and Quintus Corp. - accusing them of fraudulently inflating sales figures. The U.S. attorney's office in San Francisco also filed criminal fraud charges against three of these officers.

In these lawsuits, the SEC is seeking to recoup any money the officers received as part of the alleged fraud, including bonuses, sales commissions and trading profits. In the cases of Unity and Quintus, the SEC is also seeking to bar the former officers from any future service as corporate officers or board members.

During May, a number of energy companies announced that they had engaged in the practice of "roundtripping" - a practice that involves a swap of services between companies that have no real economic benefit for either company. SEC investigations are likely to follow.

In the first two months of 2002, the SEC has said it has opened a record 49 new financial reporting cases.

A related SEC press release is at <http://www.sec.gov/news/press/2002-71.htm>. A Web site devoted to revenue recognition issues is <http://www.revenuerecognition.com/>.

SEC IV: Investigation of Ernst & Young for Independence Breach

The SEC is investigating Ernst & Young for allegedly getting too close to one of its clients - PeopleSoft. The SEC alleged that E&Y violated its duty to be an independent auditor by jointly developing and marketing software with PeopleSoft from 1994 through 2000.

As E&Y is already operating under a 1995 settlement with the SEC to comply with all independence requirements involving business relationships with audit clients, the burden is on E&Y to assure that it is free of relationships that compromise its independence.

The SEC alleges that E&Y generated \$150 million in annual sales in 1998 and 1999 by helping businesses implement PeopleSoft products - and during the same period, E&Y charged less than \$1 million to conduct its annual audit. In addition, E&Y allegedly sold tax software to multinational businesses that ran seamlessly with PeopleSoft software - and that with "the knowledge and consent" of E&Y's national office, had access to the confidential source code for PeopleSoft software in exchange for royalties of 15%-30%

on fees generated by the tax software.

A raft of senior SEC officials recused themselves from considering bringing this enforcement action, including: Chairman Pitt who represented E&Y as a lawyer in private practice; the SEC's chief accountant, Robert K. Herdman, former vice chairman at E&Y; and Commissioner Cynthia A. Glassman who spent five years at E&Y before joining the SEC earlier this year.

Only Commissioner Isaac Hunt could vote to forward the allegations by the SEC's Division of Enforcement and the Office of the Chief Accountant to an administrative law judge. This judge will determine whether the allegations are true and what penalties, if any, should be imposed. Then, E&Y could appeal to the Commission directly. Among other sanctions, the SEC has asked E&Y to turn over the money it was paid for the related audits.

SEC V: Mandatory Foreign EDGAR Rules Adopted

In early May, the SEC adopted new rules mandating the use of EDGAR for international filers. The SEC rules mandate the use of EDGAR for international filers starting November 4, 2002.

Among other matters, the new rules state:

All filings must be filed electronically on EDGAR - except materials submitted to the SEC under Rule 12g3-2(b); Form 6-k's for glossy annual reports and Form 6-k's for which the content has not been the subject of a press release; not distributed to security holders and not the subject of any new information. In these instances, a company may choose to file electronically or on paper.

An English language summary of foreign language documents still will be permitted - rather than complete translation as initially proposed. The final rules provide more detailed guidance about what should be in these English summaries.

The SEC decided that they do not require a certification by a corporate officer regarding the accuracy of translations. The SEC staff believes that sufficient U.S. securities law liabilities already apply to the translations - so that a certification does not serve any real benefit.

The SEC staff does not anticipate that the adoption of these new rules would impede or discourage non-U.S. companies from listing in the United States.

The SEC EDGAR filing hours will remain the same for now. However, the Commissioners and staff did express an interest in gradually expanding these hours by opening earlier. It is unknown when - or if - this initiative will take place.

The final rules are at <http://www.sec.gov/rules/final/33-8099.htm>.

Analysts: Merrill Lynch Settles Analyst Case with New York Attorney

General

On May 21st, Merrill Lynch & Co. entered into a broad settlement with New York Attorney General Eliot Spitzer to head off possible criminal charges that it misled investors with tainted stock research. Merrill Lynch agreed to pay a \$100 million fine; change the way its analysts are paid; and even apologized. As part of the settlement, Merrill Lynch did not admit wrongdoing.

The settlement states that Merrill Lynch analysts "will be compensated for only those activities and services intended to benefit investor clients." It prohibits anyone responsible for determining analyst pay at Merrill Lynch from "soliciting from any analyst, or considering in determining any analyst's compensation, either the amount of investment banking revenue received from clients covered by such analyst, or the analyst's participation in investment banking transactions, except to the extent such activities and services are intended to benefit investors." The settlement also says analyst compensation will be determined only by officials in the research department and their superiors.

Critics of the deal said that because analysts will continue to draw money from investment-banking fees, albeit indirectly, they will still be tempted to issue overly positive reports on corporate clients. Advocates of greater separation suggest that Wall Street firms start charging institutional investor clients for research reports, as they once did, and pay analysts from fees generated by the reports.

The New York attorney general still has investigations open - he has subpoenaed at least seven other major brokers. Following the announcement of the Merrill Lynch settlement, Salomon Smith Barney and Credit Suisse First Boston stated they would abide by the same structural changes that Merrill agreed to in the settlement - and Goldman Sachs announced several changes at its research department, including adopting some provisions similar to ones accepted by Merrill.

Merrill has paid \$48 million to the state of New York. Of the remaining funds, \$50 million is available to the 49 remaining states, the District of Columbia and Puerto Rico - and \$2 million goes to the North American Securities Administrators Association, which participated in the New York attorney general's investigation. To share in the \$50 million, states would have to agree to discontinue their own cases.

The SEC still has its own investigation open. The Justice Department has also expressed interest in opening an investigation.

The New York Attorney General's order is at
http://www.oag.state.ny.us/press/2002/may/may21a_02.html.

Analyst Independence: Impact on Companies of New Analyst

Independence Rules

As noted above, the SEC has approved NYSE and NASDR rules to address analyst independence. **Fried, Frank, Harris, Shriver and Jacobson** notes the following impact of these rules on companies:

Disclosure about analyst relationships - Analysts must prominently disclose more information about their relationships with covered companies. Each research report must disclose whether the broker-dealer (or its affiliate) managed or co-managed a public offering of the company's equity securities in the last 12 months, or received any compensation for investment banking services from the company in the last 12 months, or expects to receive or intends to seek compensation from the company for investment banking services during the next 3 months, or beneficially owns 1% or more of any class of the company's common equity securities as of the end of the prior month end, or if the broker-dealer is making a market in the company's securities. Each report also must disclose the nature (for example, stock, options) of any interest in the company's securities held by the analyst (or any member of the analyst's household). Each report will disclose if there is any other actual, material conflict of interest and if the analyst or any household member is an officer, director or advisory board member of the company.

The new rules go beyond disclosures in research reports. Whenever an analyst mentions a company during a public appearance (for example, during a television interview), the analyst must make the same disclosures as described above about beneficial ownership by the firm or affiliates, the analyst's (or household member's) financial interest in the company, material conflicts of interest, officer and board positions, and, that the company is a firm (or affiliate) client, if the analyst knows or has reason to know that. While media outlets could leave the disclosure on the cutting room floor, many major outlets are already carrying such disclosures, and we expect others to follow suit.

More limited analyst access - Companies will have more limited -- and more closely monitored -- access to research analysts. Regulation FD has caused some companies to distance themselves from research analysts. The new rules (and investigations by state and federal regulators) will inspire analysts and their firms to reciprocate. Many broker-dealers are likely to be less willing than in the past to involve research analysts directly with a company in capital raising efforts. This is not required by the new rules, but various provisions -- in concert with comments urging that analysts

no longer attend road shows or accompany investment bankers on company visits -- may encourage broker-dealers to curtail such interactions.

Further, under the new rules, an analyst sharing a draft research report with a company may not include the research summary, the research rating or the price target. A company may only "check facts," and the broker-dealer's compliance/legal department must authorize any change made to ratings or price targets after the company has seen the draft report. Under the new rules, even the firm's investment banking department is not permitted to review reports before publication, except to check facts and identify conflicts of interest, and then only if the compliance/legal department listens in on the conversations and reviews all related correspondence.

While the new rules permit an analyst (or the analyst's firm) to alert a company about a rating change, such alerts can be given only after market close on the business day prior to announcing the change to investors.

Delays in coverage - Companies should expect occasional disruptions and delays in research coverage. A number of the new provisions could temporarily stop or delay the publication of research about a company. An analyst from a firm that manages or co-manages a securities offering may not publish a report about the company for a 40-day "quiet period" after an initial public offering. In contrast, an analyst not associated with a manager or co-manager could publish beginning 25 days after the IPO if the securities are NASDAQ or exchange-traded (or, immediately following the IPO, by making the report available on the Internet if linked to a prospectus). An analyst from a firm that manages or co-manages a secondary securities offering for an inactively traded company (less than \$1 million average daily trading volume or less than \$150 million public float) or for a company ineligible to use Form S-3 will not be able to publish a report about the company for a 10-day "quiet period" following the offering. Analysts not associated with a manager or co-manager of a secondary offering face no such restriction.

Whether or not the analyst's firm is an offering manager or co-manager, if the research analyst (or, any member of the analyst's household) personally trades any security issued by the company, a 30-day "blackout period" on research by that analyst will be imposed following the transaction.

The rules permit an analyst to publish during a "quiet period" or "blackout period" if there is "significant news" affecting a company, but only after the broker-dealer's compliance/legal department reviews and approves the report. This risks delay.

Fried, Frank also notes that companies can take steps to minimize possible adverse effects of these rules:

1. **Assess the impact of lost research coverage.** Because the loss of coverage, even if only for a relatively brief period, could be problematical for a company, companies should ask broker-dealers that provide research coverage about personal trading policies covering their research analysts. If the broker-dealer permits investments in covered companies (many do not), the broker-dealer

should be requested as a courtesy to inform the company when research becomes subject to a personal trading research blackout period.

2. **Maintain contingency plans to deal with "bad news"** during research analyst quiet and blackout periods. A company subject to research quiet and blackout periods should have in place plans to deal with breaking news at times when one or more research analysts that cover the company cannot comment. Most companies have such plans in place for other reasons, but, if not, the new rules are an impetus to develop such plans. Particular attention should be paid to company web sites and investor relation operations, since a company is likely to depend even more on these when one or more analysts cannot react to breaking news.
3. **Prepare for unanticipated "signals" to the market.** Under certain circumstances, the disclosure of investment banking compensation during the past 12 months or compensation expected in the next three months might tip the market to a non-public transaction. While broker-dealers will certainly exercise every precaution to avoid tipping the market inadvertently, mistakes can be made. Companies should include this potential market issue in their existing crisis management plans.

To view copies of prior Fried, Frank client communications, visit their archives at <http://www.ffhsj.com/secreg/secarch.php3>

Corporate Governance: Nasdaq Proposes New Listing Standards and Business Roundtable Updates its "Best Practices" Guidance

In late May, Nasdaq proposed rule changes to several of its corporate governance standards, including:

Shareholder Approval for Option Plans - Requiring shareholder approval for stock option plans that include executive officers or directors;

"Independent" director definition - Tightening the definition of an "independent" director;

Related-party transactions - Requiring that related-party transactions be approved by an audit committee or comparable body;

Sanctions - Clarifying that a company can be delisted for misrepresenting information to Nasdaq;

"Going concern" opinions - Requiring that companies disclose the receipt of an audit opinion with a going concern qualification; and

Dissemination methods - Permitting companies to disseminate material information via Regulation FD-compliant methods of disclosure, instead of solely by a press release.

Nasdaq's proposed rule changes now have to be approved by the SEC. For more information, see <http://www.nasdaqnews.com/>.

In mid-May, the Business Roundtable - whose members are CEOs of 150 large companies - updated its "best practices" guidance regarding corporate governance practices. Its guidance was last issued in 1997.

The BRT's "2002 Principles of Corporate Governance" include several dozen best practices, including:

Shareholder approval of plans - require stockholder approval of stock options and restricted stock plans in which directors or executive officers participate;

Public availability of corporate governance guidelines - create and publish corporate governance principles so that everyone can understand the rules under which the company is operating;

Employee hotlines - provide employees with a way to alert management and the board to potential misconduct without fear of retribution;

Independent key committees - 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;

Board independence - ensure that a substantial majority of the board of directors comprises independent directors both in fact and appearance;

Executive compensation - 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;

Selection of independent auditors - 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.

A copy of the BRT's "2002 Principles of Corporate Governance" is available at <http://www.brtable.org/document.cfm/704>.

Shareholder Proposals: Strong Support for Shareholder Approval of Option Plans

On May 7th, shareholders of Mentor Graphics strongly supported a TIAA-CREF shareholder proposal asking that all material stock option plans be submitted to shareholders for approval.

The non-binding shareholder proposal won support from 57% of the shares voted - excluding abstentions. TIAA-CREF believes this is a record vote for a shareholder

proposal whose topic was presented to shareholders for the 1st time.

TIAA-CREF submitted shareholder proposals on this issue to 13 companies - four were withdrawn when the companies agreed to implement the requested policy; discussions continue with four other companies, where the proposal also was withdrawn.

In four other cases, the SEC staff allowed the companies involved to omit the proposal under the "ordinary business" basis for exclusion (e.g. Adobe Systems Incorporated, 2002 SEC No-Act. LEXIS 115 (February 1, 2002)). TIAA-CREF has appealed these decisions to the full Commission.

What's Up Online: Investor Relations' Web Page Trends

Nearly every major public company already has a Web page devoted to investor relations - and the SEC's proposal to have companies disclose whether they provide access to their periodic reports through their IR Web pages should cause companies to devote more resources to communicating online.

Below is an analysis of how the Fortune 100 provide access to their SEC filings and earning releases today:

Access to periodic filings - approximately 90% provide these filings or access to them. Perhaps what is surprising is that any large company does not already provide such an IR staple.

Length of access to periodic filings - Approximately three-quarters provide access to their SEC filings for more than two years. A little over 10% provide them for just one year, and fewer than 10% provide them for two years. From an IR perspective, the longer the better, as some investors like to do comparative research beyond a company's immediate past.

Format of periodic filings - Approximately 80% provide access to their SEC periodic reports in an HTML format. Another 15% provide them only in a PDF format. Only 5% provide reports in both PDF and HTML formats. The PDF format is ideal for printing a document to read offline; HTML is optimal for creating an investor-friendly, navigable, online document.

Label for periodic filings - The most popular title, used by nearly 60%, is the self-explanatory "SEC Filings." Less obvious are titles like "Current Financial Reports" (5%), "Regulatory Filings" (1%), and "Financial Highlights" (1%). Numerous companies use their own unique labels.

Access to earning releases - Compared to SEC filings, an even greater number (nearly 95%) make their earnings releases available from their IR Web pages. Still, 6% do not (although this number includes a few non-public companies).

Length of access to earning releases - Just over half permit investors to access earnings releases that are more than one year old; 17% go as far as providing access to

releases more than five years old. Approximately 20% allow access to earning releases just for the past year, and 3% are quite conservative and allow access to just the last quarterly earnings release. Although a vague "duty to update" standard presents some legal risk to offering "aged" earnings releases, it seems like the benefit of providing investors with historical references outweighs such conservatism.

Format of earning releases - More than 80% provide access to earnings releases in an HTML format. Another 2% provide them only in a PDF format. Almost 10% provide reports in both PDF and HTML formats.

Label for earning releases - Unlike for their SEC filings, companies use a wide variety of labels to indicate where their earnings releases can be found, partially because they lump earnings releases together with a variety of other news information. The four most popular captions are: press releases (17%); news (17%); earnings releases (16%); and financial releases (14%). Less popular captions include: company releases (7%); quarterly earnings (6%); and financial results (4%).

More in-depth information about this topic is in Broc Romanek's article in the April issue of The Wall Street Lawyer published by Glasser Legalworks (www.legalwks.com). To review any IR Web page of the Fortune 100, a list of links is at <http://www.realcorporatelawyer.com/f100irpags.html>.

Comings and Goings: Who's Doing What and Where

At the SEC, with great sadness, the staff is mourning the recent passing of former Commissioner Norman Johnson. Commissioner Johnson served on the Commission from 1996 to 2000. The SEC issued a related press release in mourning at <http://www.sec.gov/news/press/2002-62.htm>.

Lawrence Harris was named the Chief Economist. Dr. Harris, will join the SEC on July 1 based on a two-year leave of absence from the University of Southern California, where he held the Fred V. Keenan Chair in Finance at the Marshall School of Business. He will succeed Acting Chief Economist **William J. Atkinson**, who is retiring after 30 years with the SEC. The SEC's related announcement is at <http://www.sec.gov/news/press/2002-60.htm>.

Ron Long, District Administrator of the Philadelphia District Office, is leaving the SEC in June to accept a position as chief regulatory counsel with First Union

Securities. The SEC's related announcement is at <http://www.sec.gov/news/press/2002-65.htm>.

Former General Counsel **David Becker** has joined the DC office of Cleary, Gottlieb as a partner.

Pay parity - According to the Washington Post, in mid-May, the SEC adopted a new pay system over its union's objection. Congress approved legislation last year that permits the SEC to increase salaries to levels paid by other federal banking regulators, known as "pay parity." The SEC has about \$25 million available to finance the new pay system for the remainder of this fiscal year. Funding for the system in fiscal 2003 remains uncertain - partly due to a concern by the White House budget office about the \$75 million cost and a desire for pay raises to be more closely linked to job performance.

The new pay scales indicate that many SEC staffers will receive substantial raises. For example, a Grade 13, Step 1 employee in Washington was paid \$66,229 - but will now receive \$71,268, or an increase of 9%. Some SEC lawyers will receive raises of 16%, and some SEC supervisors will get 15% raises.

In **Corp Fin**, **Felicia Kung** has been promoted to Senior Special Counsel in the Office of International Corporation Finance. **Lillian Cummins** has joined the Office of Mergers and Acquisitions.

Events Calendar

Upcoming events of interest include:

RealCorporateLawyer.com's "Negotiating Public-Private Mergers" - June 26th at 4 pm EST - course materials now available at <http://www.realcorporatelawyer.com/CLE/CLEHome.html#NegotiateMergers>.

National Institute of Investor Relation's "2002 Annual Meeting," Palm Springs, Ca., June 3-5
ABA/ACCA's "The Legal Department's Role in Enhancing the Corporate Bottom Line," Washington D.C., June 6-7
CPE's "How to Meet Shareholder & Regulatory Demands through Board & Management Excellence," Washington D.C., June 10-11
<http://www.cpeonline.com/corpgov/corpgov.pdf>
PLI's "Accountant's Liability after Enron," San Francisco, June 24-25
National Institute of Investor Relation's "IR on the Web," Philadelphia, June 27
International Corporate Governance Network's "2002 Annual Conference," Milano, July 10-12
American Society of Corporate Secretaries' "2002 Annual Meeting," Toronto, July 10-14
American Bar Association's "2002 Annual Conference," Washington D.C., August 8-13
National Association of Stock Plan Professionals' "2002 Annual Conference," Las Vegas, September 29- October 2

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