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NEW YORK STOCK EXCHANGE GOVERNANCE PROPOSALS: SHAREHOLDER APPROVAL OF EQUITY COMPENSATION PLANS ALERT

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As we have previously written in several memoranda, the New York Stock Exchange has filed with the Securities and Exchange Commission, as part of its new Corporate Governance Proposals, a rule proposal that would generally require shareholder approval of all equity compensation plans. The NYSE has indicated that it expects that the new rule will become effective immediately upon its approval by the SEC.

It is possible that the SEC may approve the new rule in the form proposed by the NYSE even earlier than the November 15, 2002 deadline for acting upon the proposal. Comments on the proposal were required by November 1, 2002 and there are some indications that the SEC may give this provision of the NYSE's Corporate Governance Proposals expedited treatment.

Please note that, upon the effectiveness of the new NYSE rule, all new equity compensation plans and all "material revisions" to existing plans will likely require shareholder approval.

Information on the shareholder approval rule proposal can be found in our August 23, 2002 memorandum entitled "*NYSE Board of Directors Approves New Corporate Governance and Disclosure Standards*" and our October 22, 2002 memorandum entitled "*NYSE Clarifies New Corporate Governance Standard Requiring Shareholder Approval of Equity Compensation Plans,*" copies of which are available upon request or at our website: *www.simpsonthacher.com*.

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