

SEC APPROVES RULE PROPOSALS TO ACCELERATE DISSEMINATION OF INFORMATION TO INVESTORS

In an effort to augment and accelerate corporate disclosure in the aftermath of Enron, on April 11, 2002, the Securities and Exchange Commission ("SEC") approved rule proposals that would obligate companies to provide information in connection with insider stock transactions and company reports to investors more rapidly than heretofore required.

1. Proposals for Annual and Quarterly Reports

The SEC approved publication for public comment of proposals to accelerate the filings of quarterly and annual reports pursuant to the Securities Exchange Act of 1934 (the "Exchange Act"). The proposals require companies to file quarterly reports within 30 days (rather than the current requirement of 45 days) of the end of their first three fiscal quarters and annual reports within 60 days (rather than the current requirement of 90 days) of the end of their fiscal year. This acceleration of due dates would be applicable only to domestic companies that have a public float of at least \$75 million, that have been subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act for at least a year and that previously have filed at least one annual report pursuant to Section 13(a) or 15(d) of the Exchange Act. Additionally, companies would be required to disclose in their annual reports where investors can access company filings, including whether companies provide free access to their annual, quarterly and current reports on Form 8-K on their websites as soon as reasonably practicable, and in any event on the same day as those reports are electronically filed with the SEC. If such access is not available, a company must explain why it does not provide it. The SEC is allowing 30 days for public comments.

2. Proposals for Amendments to Form 8-K

The Commission approved publication for public comment of proposed amendments to Exchange Act Form 8-K, the current form used by companies for filing current reports. Pursuant to the proposed amendments, companies with a class of equity securities registered under Section 12 of the Exchange Act must report on Form 8-K: (1) directors' and executive officers' transactions in company equity securities (including the acquisition and disposition of derivative securities, and the exercise, termination or settlement of derivative securities); (2) directors' and executive officers' arrangements (including the adoption, modification or termination of a contract, instruction or written plan) for the purchase and sale of company equity securities intended to satisfy the affirmative defense conditions of Exchange Act Rule 10b5-1(c); and (3) loans of money to a director or executive officer made or guaranteed by the company or an affiliate of the company. Transactions and loans valued at \$100,000 or more would be required to be reported no later than the second business day following their occurrence. Transactions and loans with a smaller aggregate value, grants and awards pursuant to employee benefit plans,

and Rule 10b5-1(c) arrangements generally, would be required to be reported by the close of business on the second business day of the following week. The reporting of transactions and loans valued under \$10,000, however, could be deferred until the aggregate cumulative value for the same director or executive officer exceeds that amount. The SEC is allowing 60 days for public comments.

If you wish to obtain additional information regarding the SEC's statement, please contact Steven J. Gartner (212-728-8222, sgartner@willkie.com), Jeffrey R. Poss (212-728-8536, jposs@willkie.com) or the corporate partner who regularly works with you.

Willkie Farr & Gallagher is headquartered at 787 Seventh Avenue, New York, NY 10019-6099. Our telephone number is (212) 728-8000 and our facsimile number is (212) 728-8111. Our web site is located at <www.willkie.com>.

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