NH TO RECEIVE $4 MILLION IN WALL STREET SETTLEMENT

Settlement Requires Payment of $1.4 Billion Including Penalties of $875 Million

Payments of $432.5 Million to Fund Independent Research, and Payments of $80 Million to Fund Investor Education

CONCORD, NH (April 28, 2003) - N.H. Bureau of Securities Regulation Director Mark Connolly announced today that enforcement actions against ten of the nations top investment firms have been completed, thereby finalizing allegations of conflict of interest at certain brokerage houses. It is alleged that stock analysts recommended stocks due to improper influence from their investment bankers. The ten firms against which enforcement actions are being announced today include:

Bear, Stearns & Co. Inc
Credit Suisse First Boston, LLC
Goldman, Sachs & Co.
Lehman Brothers Inc.
J.P. Morgan Securities Inc.
Merrill Lynch Pierce, Fenner & Smith, Inc.
Morgan Stanley & C. Inc.
Citigroup Global Markets Inc. f/k/a Salomon Smith Barney, Inc.
UBS Warburg LLC
U.S. Bancorp Piper Jaffrey, Inc.

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The ten firms have paid or will pay penalties totaling $875 million. Under the settlement agreements, half of this amount will be contributed to the SEC, NASD, NYSE, and will be put into a fund to provide payments to investors. The remainder of the funds will be paid to the states. New Hampshire’s proportionate amount is estimated at $4 million.

The firms will also be required to make payments totaling $432.5 million to fund independent research for investors as well as payment of $80 million to fund as yet-to-be determined investor education programs.

In addition to the monetary payments, the firms will also be required to change many of their business practices, including separating their research and investment banking departments as well as how research is reviewed and supervised. Some of the highlights of the reforms include the following:

- The firms will be required to sever the links between research and investment banking, including prohibiting analysts from receiving compensation for investment banking activities, and restricting analysts’ involvement in investment banking “pitches” and “road shows.”

- For a five-year period, each of the firms will be required to contract with no fewer than three independent research entities that will make available independent research to the firm’s customers.

- Each firm will make its analysts’ historical ratings and price target forecast publicly available.

According to Bureau Director Connolly, “These settlements are a good beginning. Investors need to feel that they will be treated in a fair and equitable manner if our markets are to recover. These agreements should help restore investor confidence in our capital markets.”

Last year, regulators from the states, industry representatives, and the SEC formed a joint task force late last year to investigate Wall Street banks. In December, regulators announced an agreement in principle with these firms. Today marks the finalization of that agreement.

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