



INSTITUTIONAL SHAREHOLDER SERVICES

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Institutional Shareholder Services Announces 2004 Corporate Governance Policy Updates

Leading Proxy Advisory Firm to Scrutinize Executive Compensation and Board Responsibility

Rockville, Maryland; January 8, 2004: Institutional Shareholder Services (ISS), the world's leading provider of proxy voting and corporate governance services, today released its 2004 corporate governance policies. ISS U.S. and global analysts will begin applying the new policies for all U.S. and global companies with meeting dates on or after February 1, 2004. In the United Kingdom, ISS entered into a joint venture, called RREV (Research, Recommendations and Electronic Voting) with the National Association of Pension Funds (NAPF) and will follow the corporate governance guidelines set by the NAPF's Investment Council beginning January 15, 2004.

The new policies, used by over 700 institutions worldwide, not only reflect new regulation and listing standards, but also raise the corporate governance bar for boards of directors and corporate executives worldwide, especially in the areas of executive compensation and board responsibility. As a standard procedure ISS vets its policy updates with an outside policy advisory group composed of individuals representing all areas of the governance community, including a number of financial institutions that are respected active owners.

This year, ISS is expected to be tougher on boards of directors, especially in the areas of independence and equity-based compensation. ISS will continue to apply its quantitative methodology to assess the cost of equity based compensation plans, but for the first time, ISS will also apply a pay-for-performance test on Russell 3000 companies. In the past, ISS recommended against a stock plan only if the plan's cost exceeded ISS's allowable cap or if the board did not allow shareholders to vote on option re-pricing programs. In 2004, ISS will also vote against equity plans where there is a clear disconnect between CEO pay and company performance. ISS will also recommend "withhold" votes for compensation committee members where they failed to tie CEO pay to performance.

"It's time to hold directors accountable for poor CEO pay practices," said Patrick McGurn, ISS's senior vice president and special counsel. "If CEO pay isn't tied to company performance we will urge our clients to vote 'no' on the re-election of compensation panel members. We may recommend votes against stock plans too if we find that they directly contributed to the abusive pay practices."

ISS research analyses for the Russell 3000 universe will be enhanced by incorporating best of breed compensation data from Equilar. Compensation tables and charts promise to clearly identify the most egregious pay for performance outliers versus their peer group.

As the long-established leader in corporate governance and proxy voting, ISS will also be offering the following new value-added client services in 2004.

Investor Forums

On some high profile cases, ISS will host investor forums whereby key stakeholders will be invited to present their plans.

Corporate Governance Webinar Series

ISS will hold monthly webinars on key corporate governance and industry topics in a continuous effort to keep our clients well-informed about regulatory movements, governance trends, key governance issues and major issues that may be on the governance horizon.

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Research HelpDesk

ISS has established a Research HelpDesk to provide an added level of support and streamline communications for clients with questions about policy application or specific vote recommendations contained in an analysis.

About Institutional Shareholder Services

ISS is the world's leading provider of proxy voting and corporate governance services. ISS provides proxy research, vote recommendations and governance advisory services to financial institutions worldwide. Founded in 1985, ISS is headquartered in Maryland and has offices in New York, London, Toronto, Tokyo and Chicago.

For more information, visit www.issproxy.com.

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