

CORPORATE GOVERNANCE: IMPLICATIONS FOR FINANCIAL FIRMS
39TH ANNUAL CONFERENCE ON BANK STRUCTURE AND COMPETITION

Chicago, Illinois
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Welcoming Remarks

It's my great pleasure to welcome you to our 39th annual conference on bank structure and competition. This year's focus on corporate governance is especially relevant.

We've seen too many once-revered companies end up severely damaged, in some cases beyond repair, by failures in corporate governance. Arthur Andersen, Enron, Global Crossing, HealthSouth, Quest, Tyco, WorldCom...the list goes on, and the headlines continue to appear, even today. Deficiencies include inadequate board oversight, misleading or even fraudulent accounting practices, questionable audit arrangements and efforts to hide the truth. Thousands of jobs and billions of dollars of shareholder value have been lost. And we've seen the spectacle of corporate executives being led away in handcuffs.

Those of you in financial firms are affected through your credit exposure to firms that followed questionable accounting practices, and through your own corporate governance practices. This has led to greater investor skepticism and increased uncertainty in the equity and credit markets. And uncertainty affects asset prices and can negatively impact the economy.

During the conference you'll be discussing these issues in greater detail.

The role of boards of directors. Changes in financial regulation, accounting standards and disclosure rules. The impact on financial firms and financial markets.

In this effort, we have enlisted some of the most prominent members of the financial industry to speak with you this week. They include banking executives, regulatory authorities, administration officials and financial and legal scholars.

Perhaps the most eagerly awaited speaker in this stellar line-up, however, is the person I'm about to introduce— a man, really, who needs no introduction. We have the privilege of hearing from someone whose accomplishments and stature have made him a respected name throughout the world. Someone whose words are analyzed by everyone from Wall Street to Main Street. And someone whose unquestioned integrity stands out even more brightly today, at a time when negative behavior seems to be darkening the news.

He is Alan Greenspan, chairman of the board of governors of the Federal Reserve System. Alan, we wish you could be here in person, as you have been every year since the conference began. But we know you've been advised, after minor surgery, to stay put for a while.

Alan Greenspan is serving his fourth four-year term as chairman, having been designated to this position by Presidents Reagan, Bush Senior and Clinton. It was in August 1987 when he originally took office as chairman and to fill an unexpired term on the Board. He also serves as chairman of the Federal Open Market Committee, the System's principal monetary policymaking body.

Most important, as I'm sure you're all aware, the current President Bush thinks "Alan Greenspan should get another term," and the chairman has said he'll serve if nominated. I think we'd all agree this is great news for our country and for the economy.

The details of Alan's background and his tremendous achievements are well documented. His bachelors, masters and doctorate degrees in economics from New York University. His 30-year career as head of Townsend-Greenspan, an economic consulting firm in New York City. And his service as chairman of the President's Council of Economic Advisers under President Ford, as well as on many other public and private boards.

He's received numerous awards and honors for his work, and his outstanding reputation and extraordinary talents are widely known. Over the course of more than a decade, his adept handling of his complex responsibilities at the Fed have made him a hero — not only to people in business and government, but to millions of average citizens from all walks of life. It's truly a great honor to have the chairman as our keynote speaker.

Please join me in welcoming Alan Greenspan.