

SECURITIES AND EXCHANGE COMMISSION
Philadelphia

SUMMARY OF PROPOSED REVISION OF PROXY RULES

There are several provisions on which comment is especially desired. The nature of these provisions is, therefore, summarized in this statement.

First, the rules with respect to the disclosure of management compensation are proposed to be revised. The disclosures by various Congressional investigating committees of practices involving disproportionately high compensation paid to management and employees of corporations engaged in war work have resulted in widespread investor demand for more information concerning the salaries of officers and directors. The present rules are inadequate to meet this demand since they give information only with respect to directors who are nominees for office and then only if the director receives one of the three highest remunerations paid to any officer, director, or employee. The proposal would require information concerning the salaries of all officers and directors of the company and would, in addition, require tabulation by salary groups of all salaries of officers, directors, or employees receiving compensation in excess of \$25,000 a year. In this connection, the amount of compensation would be required to be shown in tabular form, separating salaries and bonuses on one hand from other forms of remuneration, such as retirement plans, options, and loans. The rules would also expand the requirements concerning disclosure of dealings with the corporation by officers and directors and their associates. The present rules require such disclosure only when property is sold to the corporation. The proposed amendment would require disclosure of all dealings with the corporation accompanied by details with respect to transactions which are material. The definition of "associate" in the present rules has been broadened to include trusts and estates of which a director is a fiduciary and corporations of which a director is an officer.

Second, the proposed rules would require that proxy soliciting material be accompanied by a report of the activities of the corporation during the preceding year, including comparative financial statements. The substantial nature of the changes which have occurred in the business of listed corporations during the period of adjustment to war production makes it essential that stockholders be informed of such changes. The proposal would require that material in the nature of the ordinary annual report to stockholders be filed with the Commission as part of the proxy soliciting material. In general, most listed corporations make such reports to their security holders. In such cases, the rule will merely make it necessary that those reports be filed as part of the proxy soliciting material. On the other hand, corporations which have not made such reports will be required to make them.

It is anticipated that the proposal will result in considerable simplification and consolidation of reports. At present, many corporations are in the habit of preparing three documents: (1) an annual report to stockholders; (2) a proxy statement, and (3) an annual report to the Commission on Form 10-K. Under the proposed rules it will be possible to merge the first two documents. If the proposal is finally adopted, the Commission will have an opportunity to permit this document to be filed in lieu of most of the information presently called for by Form

10-K. In that event, the single document which is the annual report to stockholders and the proxy statement can also be used as the 10-K report merely by making a few additions in the form of exhibits or schedules. It is appreciated that in some cases reasons of practical necessity will require the mailing of the annual report in advance of the direct solicitation of proxies and the rules make provision for such a procedure. However, it is expected that in most cases the single document can be used.

Third, the rules propose an extension of the rights of stockholders not connected with the management. At present, in the event that a stockholder advises the management of his intention to submit a proposal to his fellow stockholders for action at a stockholders' meeting, the management must include in its proxy soliciting material a statement of the proposal and an opportunity to security holders to vote on the proposal. It is intended in the proposed rules to give such a stockholder the right to include a 100 word statement as to the reasons for the resolution he proposes. The management will, of course, retain its present right to comment in opposition at such length as it sees fit. The proposed rules also require that minority stockholders be given an opportunity to nominate directors or auditors to be submitted to their fellow stockholders by means of a proxy. Minority stockholders proposing such officers or auditors will, of course, be required to give the information about such officers and auditors required by the rules. Limitations on the number of nominations which can be made by minority stockholders may be imposed by the management on some fair and equitable basis.

Other suggestions are the following: (a) The present form of proxy rules requires a ballot vote on all proposals submitted to stockholders for action. While the ballot form has become familiar to stockholders during a period of approximately four years, some managements have failed to follow the general practice, and have adopted procedures which encourage signature in blank rather than execution of the ballot. Under the present rules, a number of managements have drafted proxies so that the failure of a security holder to indicate how he desired his vote cast on a particular proposal vested authority in the management to vote the proxy in support of its position on the proposal. Many investors have commented that management should be permitted to vote only those proxies specifically marked. It is proposed that this suggestion be adopted as part of the amended rules.

(b) Although Section 14 does not require such a limitation, the present rule has an exemption for solicitations without use of the mails or interstate commerce. In some cases this has worked unfairly. Minority stockholders have, on occasion, solicited in opposition to managements without use of the mails and have thus avoided complying with the proxy rules, while the management was giving complete information. Similarly, managements with close to the quorum requirements in their own hands have avoided disclosure to their stockholders by soliciting the additional votes necessary for a quorum without use of the mails or the facilities of interstate commerce. It is proposed, therefore, that this exemption be abolished. In the case of stockholders desiring merely to represent a few friends, relatives, or business associates, an exemption is given for solicitation of not more than ten persons.

The remaining amendments are minor, largely for purposes of clarifying and codifying existing requirements. The effect of these changes is set forth in the comments to the drafts of the proposed rules themselves.

REGULATION X-14

RULES RELATING TO SOLICITATIONS OF PROXIES.

Rule X-14A-1. *Duty to Furnish Proxy Statement.*

No solicitation subject to Section 14 (a) shall be made unless each person solicited is concurrently furnished or has previously been furnished with a written proxy statement containing the information specified in Schedule 14A: Provided, however, that the information called for by Item 5(A) of Schedule 14A may be furnished to a security holder in advance of the transmission of a form of proxy and the other information called for by Schedule 14A if the annual report to security holders or other document in which such information is set forth contains a statement in a prominent place that proxies will be solicited at a later time and that such information will not be furnished again in connection with such solicitation.

Comment. A provision has been added permitting information about the business of the company to be included in an annual report sent out before the solicitation begins.

Subparagraphs (a), (b) and (c) of the former rule have been transferred to Rule X-14A-3. Subparagraphs (d) and (e) have been omitted.

Rule X-14A-2. *Duty to provide means by which desired action can be specified.*

(a) Means shall be provided in the form of proxy whereby the person solicited is afforded an opportunity to specify by ballot a choice between approval or disapproval of each matter, or each group of related matters as a whole, which is intended to be acted upon pursuant to the proxy and the authority conferred as to each such matter or group of matters shall be limited to voting in accordance with the specification so made. Nothing in Regulation X-14 shall prevent the solicitation of a proxy conferring discretionary authority with respect to matters which the persons making the solicitation are not aware will be presented for action pursuant to the proxy.

(b) No authority shall be sought to vote a proxy upon the election of any person to any office for which a bona fide nominee is not named in the proxy statement. The name of each nominee of the persons making the solicitation shall be set forth in the form of proxy in such a manner that the person solicited can strike out the name of a nominee for whom he does not wish to vote. In the event a security holder has notified the management pursuant to Item 5 (M) of Schedule 14A of an intention to nominate and support a nominee or nominees the name of each such nominee shall also be set forth in the form of proxy together with a form of ballot in which the person solicited can indicate that he wishes his securities voted for such nominee and a statement to the effect that the proxy may be voted for the election of the nominees proposed by the management unless the person solicited indicates he wishes his securities voted for another nominee or other nominees and specifies the nominee or nominees proposed by the management for whom he does not wish his securities voted. In the event that security holders notify the management of an intention to nominate and support more than twice as many nominees as there are directors of the issuer, the management may select, on any equitable basis, name and furnish the required information concerning only twice as many nominees as there are directors. [A

general provision to the same effect is proposed in cases where auditors are elected by stockholders.]

(c) Each form of proxy shall contain a blank space of at least three square inches in which the person solicited can write comments or limitations on the authority granted by the proxy.

Comment. Paragraph (a) The provision permitting the proxy holders to vote in their discretion if the stockholder does not mark his proxy has been eliminated. The use of a ballot form is made mandatory.

Paragraph (b) The provisions requiring the nominees to be named in the proxy form and means for voting on minority candidates are new.

Paragraph (c) is new.

Rule X-14A-3. *Presentation of information.*

(a) The information included in proxy soliciting material shall be presented in an order and form which will be clear to the persons solicited. Where practicable and appropriate, the information shall be presented in tabular form and amounts shall be stated in figures. The statements made shall be divided into groups according to subject matter and the various groups of statements shall be preceded by appropriate headings. The order of items and subitems in the schedule need not be followed provided that the information is furnished in a manner which will not tend to obscure the effective presentation of information to the persons solicited and, if detachable, the proxy form shall appear at the end of the proxy statement. Information required by more than one applicable item need not be repeated. No statement need be made in response to any item or subitem which is inapplicable.

(b) Any information required to be included in the proxy statement as to terms of securities or other subject matter which from a standpoint of practical necessity must be determined in the future may be stated in terms of present knowledge and intention: Provided, however, that in such a case a brief statement of the circumstances rendering it necessary that such matters be determined in the future shall be made and, to the extent practicable, the authority to be conferred concerning each such matter shall be confined within limits reasonably related to the need for discretionary authority. Subject to the foregoing provision, information which is not known to the persons making the solicitation and which it is not reasonably within the power of such persons to ascertain or procure may be omitted, if a brief statement of the circumstances rendering such information unavailable is made.

(c) There may be omitted from the proxy statement any information contained in any other proxy soliciting material which has been furnished to each person solicited in connection with the same meeting or subject matter if a clear reference is made to the place where such information appears.

(d) All printed proxy soliciting material shall be set in type at least as legible as 10-point leaded type except that to the extent necessary for convenient presentation financial statements may be set in type at least as legible as 8-point leaded type.

Comment. The affirmative requirements of paragraph (a) are new.

Paragraph (b) is substantially the same as the present Rule X-14A-1 (b).

Paragraph (c) is designed to permit two persons to solicit for the same meeting without each repeating all the information called for by the rules. The present provision permitting incorporation of information by reference generally has been omitted.

Rule X-14A-4. *Duty to file material.*

The following material shall be filed:

(a) Three preliminary copies of the proxy statement, form of proxy and any other document containing the information called for by Item 5 (A) (1) of Schedule 14A. Such copies shall be filed with the Commission at Philadelphia, Pennsylvania, not later than ten days prior to the date definitive copies of such material are first sent or given to security holders or such lesser number of days prior to such date as the Commission, upon a showing of unusual circumstances, may determine. Such copies shall be marked preliminary copies and shall be for the information of the Commission only. The financial information called for by Item 5 (A) (2) of Schedule 14A may be omitted from such preliminary copies.

[Note: It is not advisable to print definitive copies for distribution to security holders until the comments of the Commission's staff have been received and considered.]

(b) Three definitive copies of the proxy statement, form of proxy and any additional material relating to the same meeting or subject matter in the form in which such material is furnished to security holders. Such copies shall be filed with or mailed to the Commission at Philadelphia, Pennsylvania, and each national securities exchange upon which is listed any security in respect of which the solicitation is made not later than the date such material is first sent or given to any security holders. Copies of replies to inquiries from security holders requesting further information need not be filed pursuant to this paragraph.

(c) The material transmitted to the Commission pursuant to paragraphs (a) and (b) shall be accompanied by a statement of the date upon which copies thereof are intended to be or have been released to security holders.

Comment. This rule requires the preliminary filing of the narrative statement about the business of the company, whether contained in a separate annual report or included in the proxy statement. It does not provide for any other change in procedure.

Rule X-14A-5. *False or misleading statements.*

No solicitation subject to Section 14 (a) of the Act shall be made by means of any form of proxy, notice of meeting or other communication containing any statement which is false or misleading with respect to any material fact, or omits to state any material fact necessary in order to make the statements therein not false or misleading or necessary to correct any statement in any earlier communication with respect to the solicitation of a proxy for the same meeting or subject matter which has become false or misleading.

Comment. No substantial change.

Rule X-14A-6. *Duty of issuer to furnish information and mail proxies at request of security holders.*

No solicitation subject to Section 14 (a) of the Act shall be made by or on behalf of the management of the issuer, directly or indirectly, unless the issuer performs or has performed such of the following acts as may be duly requested by any owner of any security of the issuer (hereinafter called "the applicant") with respect to the same subject matter or meeting:

(a) At the written request of the applicant, the issuer shall furnish the following information:

(1) A statement of the approximate number of holders, of record or otherwise, of any specified class of securities which any of the holders have been or are to be solicited by or on behalf of the management; and

(2) An estimate of the cost of mailing a specified form of proxy or other communication to such holders.

Any information requested pursuant to this paragraph shall be mailed or otherwise furnished as promptly as practicable after receipt of the written request.

(b) At the written request of the applicant, copies of any form of proxy or other communication furnished by the applicant shall be mailed by the issuer to any holders, of record or otherwise, of the specified class of securities who have been or are to be solicited by or on behalf of the management. Such material shall be mailed with reasonable promptness after receipt of a tender of the material to be mailed, of envelopes or other containers therefor, of postage or payment for postage, and of reasonable reimbursement of all expenses incurred in connection with such mailing; except that such material need not be mailed prior to the first day on which the solicitation is made by or on behalf of the management.

Comment. No substantial change.

Rule X-14A-7. *Duty of Management to Describe Stockholders' proposals.*

In the event that a security holder of the issuer has notified the management at least 30 days prior to the date on which the soliciting material of the management of the issuer is scheduled for release to security holders that such security holder intends to present a proposal for action at a meeting of security holders of the issuer and the management opposes such proposal but intends that the matter shall be acted upon pursuant to the proxy, the management shall, upon the request of such security holder, include in its soliciting material a statement naming such security holder and setting forth the reasons advanced by him in support of such proposal: Provided, however, that a statement of reasons in support of a proposal shall not be longer than 100 words.

Comment. This rule is new.

Rule X-14A-8. *Solicitations to which rules are not applicable.*

Notwithstanding any other provision in this regulation, and rules contained therein shall not apply to:

- (a) Any solicitation made otherwise than by or on behalf of the management of the issuer where the total number of persons solicited is less than 10.
- (b) Any solicitation in respect of securities of a registered public utility holding company or a subsidiary company thereof in the event that there are no public holders of such securities.
- (c) Any solicitation of a proxy by any person in respect of securities carried in his name or in the name of his nominee, or held in his custody, if (1) such person receives no commission or remuneration for such solicitation, directly or indirectly, other than reimbursement of reasonable out-of-pocket expenses and clerical expenses, and (2) such person furnishes to the person solicited a copy of all soliciting material which the persons on whose behalf the solicitation is made are sending to other persons: Provided, however, that this exemption shall not be applicable to any solicitation by a voting trustee in respect of securities of which he is trustee:
- (d) Any solicitation of a proxy by any person in respect of securities of which he is the beneficial owner;
- (e) Any solicitation of a proxy evidenced by a certificate of deposit or other security which is registered under the Securities Act of 1933;
- (f) Any solicitation of an acceptance of a plan of reorganization under Chapter X of the Bankruptcy Act, as amended, or of an authority to accept any such plan, if such solicitation is made after the entry of an order approving such plan pursuant to Section 174 of said Act and after, or concurrently with, the transmittal of information concerning such plan as required by Section 175 of said Act;

(g) Any solicitation made in connection with a reorganization of a registered holding company or any subsidiary company thereof, or in connection with any transaction which is or will be the subject of an application or declaration filed with the Commission pursuant to the provisions of the Public Utility Holding Company Act of 1935 or any rule promulgated thereunder, if such solicitation is made in compliance with Rule U-62 under the Public Utility Holding Company Act of 1935.

(h) Any solicitation of a proxy through the medium of a newspaper advertisement, if the advertisement does no more than (1) name the issuer, (2) state the reason for the advertisement, (3) identify a proposal to be acted upon by security holders, and (4) inform security holders of a source from which they may or are requested to obtain copies of a proxy statement, form of proxy and any other soliciting material.

Comment. Paragraph (a) The present rule exempts personal solicitations made otherwise than by use of the mails or means or instrumentalities of interstate commerce. The proposed rule exempts only solicitations of less than ten persons.

Paragraph (b) This is an additional exemption to exclude public utility companies having no public security holders from the restriction on management solicitations in paragraph (a).

Paragraph (h) This is new. It permits “tombstone” advertisements.

Rule X-14A-9. *Definitions.*

For the purpose of Regulation X-14, unless the context otherwise requires--

(a) The term “proxy” includes every proxy, consent or authorization within the meaning of Section 14 (a) of the Act. A consent or authorization may take the form of failure to object or to dissent.

(b) The term “solicitation of a proxy” includes (1) any request for a proxy, whether or not such request is accompanied by or included in a form of proxy, (2) any request to revoke a proxy or not to execute a proxy and (3) the furnishing of a form of proxy to security holders under circumstances reasonably calculated to result in a procurement of proxies: Provided, however, that the term does not apply to the furnishing of a form of proxy to a security holder upon the unsolicited request of such security holder, and does not apply to the performance by the issuer of acts required by Rules X-14A-6 and X-14A-7 or the performance by any person of ministerial acts on behalf of a person soliciting a proxy.

(c) The term “proxy statement” means the statement required by Rule X-14A-1, whether or not contained in a single document;

(d) The term “issuer” means the issuer of the security in respect of which the proxy is solicited;

(e) The term “associate”, used to indicate a relationship with any person, means (1) any corporation or organization (other than the issuer) of which such person is an officer or partner or directly or indirectly the beneficial owner of 10% or more of any class of equity securities, (2) any trust or other estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity, and (3) any relative or spouse of such person having the same home as such person;

(f) The term “officer” means a chairman of the board of directors, president, vice president, treasurer, secretary, comptroller, and any other person performing similar functions.

(g) The phrase “the persons making the solicitation”, used in relation to a solicitation by the management of the issuer, means the directors and officers of the issuer, exclusive of any directors or officers who are opposed to the solicitation.

(h) The phrase “matters to be acted upon pursuant to the proxy,” used in relation to a proxy to be used at a meeting of security holders, means the matters which the persons making the solicitation intend to present and any matters which the persons making the solicitation are informed other persons intend to present for action at such meeting, in the event the persons making the solicitation intend that the proxy shall be used for purposes of a vote upon such matters or for purposes of a quorum supporting such a vote: Provided, however, that the phrase as so employed does not apply to elections to office.

Comment. Paragraph (b). The definition of “solicitation” is expanded to include a request to revoke a proxy or not to execute a proxy.

Paragraph (e) The definition of “associate” is expanded to include corporations of which an officer is on the board of the issuer. Trusts and estates of which a director is a fiduciary have also been added.

The present paragraph (f) defining “affiliate” has been omitted.

SCHEDULE 14A

(See Exhibits A and B at end of memorandum for typical forms of proxy and proxy statement under the rules.)

Items of information to be furnished in connection with solicitations of proxies.

Item 1. State whether or not the person giving the proxy has the power to revoke it. If asserted that the right of revocation is limited, outline the limitations and state the reasons for such assertion.

Item 2. Summarize briefly the rights of appraisal or similar rights of dissenters with respect to any matter to be acted upon pursuant to the proxy. Where such dissenters' rights may be exercised within a limited time after the date of the adoption of a proposal, the filing of an amendment to a charter or a similar act, state whether the person solicited will be notified of such date.

Comment. The second sentence of this item is new.

Item 3 (a). State the names of the persons by whom, directly or indirectly, the cost of solicitation has been or will be borne.

(b) If solicitations are to be made, in addition to solicitations by use of the mails and in addition to other solicitations by directors, officers and regular employees of the issuer at a total cost of \$100 or less, state, or describe briefly, (1) the character of such additional solicitations, (2) the cost or anticipated cost thereof and the material features of the arrangement, if any, for the payment thereof and (3) the approximate number of both regular and specially engaged employees of the issuer or any other person (naming such other persons) which will solicit proxies.

Comment. This rule has been changed to eliminate the requirement for detailed disclosure in cases where there is solicitation otherwise than by use of the mails at nominal cost.

Item 4 (a). If the solicitation is made by or on behalf of the management of the issuer make a statement to that effect. If the solicitation is made otherwise than by or on behalf of the management, state the names of the persons by whom or on whose behalf the solicitation is made and the approximate amount of each class of securities of the issuer owned beneficially by each such person and his associates. If any of such persons is not the beneficial owner of any securities of the issuer, a statement to that effect as to such persons shall be made.

(b) Describe any substantial interest, direct or indirect, of any director or officer of the issuer, or any associate of any director or officer, or any other person by whom or on whose behalf the solicitation is made or any associate of any such other person in any matter to be acted upon pursuant to the proxy. (No statement need be made under this paragraph as to any interest arising solely by reason of being a director or officer of the issuer.)

(c) If the solicitation is made by or on behalf of the management of the issuer state the name of any director of the issuer who has notified the management in writing that he opposes any action intended to be taken pursuant to the proxy and state that such notification has been received.

Comment. This is a combination of the present Items 4 and 5.

Comment on Items 5, 6 and 7 (at present Item 6).

These items have been expanded to require considerably more information in connection with annual meetings for the election of directors. The principal additional disclosures called for are as follows:

1. Information regarding the business activities of the management such as is found in an adequate annual report. Comparative financial statements are called for.
2. Information regarding the remuneration and stockholdings of all directors and officers, including long-term directors who are not up for re-election at the meeting.
3. Information about the principal occupation of each director.
4. Information about the holdings of all persons who own more than 10% of the outstanding voting stock.
5. Information about the business experience of all candidates who have not previously served as directors.
6. Information on loans due from directors and officers.
7. A table showing the number of persons receiving remuneration of over \$25,000 a year and the total amount received.
8. Information about nominees of minority stockholders.

Item 5. If the solicitation is made by or on behalf of the management of the issuer and action is to be taken with respect to the election of directors or similar officials--

(A) Furnish the following information:

- (1) Outline the business activities of the issuer and its subsidiaries during the last fiscal year, including: a description of material changes in the character of the business; material acquisitions and dispositions of subsidiaries and other interests and property; material acquisitions and dispositions of securities of the issuer and its subsidiaries; material changes in charters, indentures, or other instruments affecting the rights of security holders; transactions involving the granting or exercise of options,

the operation of bonus, profit sharing, pension, retirement and other remuneration plans; material litigation involving the issuer or its subsidiaries or any director or officer of the issuer or its subsidiaries; actions taken by the management regarding increases and decreases of management compensation, and the actions taken with respect to labor relations with employees.

- (2) Furnish such consolidated or unconsolidated financial statements of the issuer and its subsidiaries, on a comparative basis, as will clearly disclose the financial condition of the issuer and its subsidiaries as of the end of the last two fiscal years of the issuer and the results of the operations of the issuer and its subsidiaries for such years. Such financial statements shall be certified by an independent public or independent certified public accountant unless it is impracticable to obtain such a certification because of the time and expense involved or unless the issuer is not required to file regular annual certified statements with the Commission.
- (B) If the persons solicited have cumulative voting rights, make a statement to that effect.
 - (C) State the outstanding number of each class of voting securities of the issuer.
 - (D) If any person holds of record or, to the knowledge of the management, owns beneficially, more than 10% of the outstanding voting securities of the issuer, state the approximate amount of securities held of record or owned beneficially by such person (whichever amount is the greater) and the percentage of the amount of outstanding voting securities represented by the amount of securities so held or owned.
 - (E) If any director or nominee has been or is proposed to be elected pursuant to an arrangement or understanding between any of the persons making the solicitation or the director or nominee and any other person or persons except the directors and officers of the issuer acting solely in that capacity, describe briefly such arrangement or understanding.
 - (F) Furnish, in tabular form to the extent practicable, the following information with respect to each director of the issuer and each person nominated for election as a director:
 - (1) State the principal occupation or employment of such director or nominee and the name of the corporation or other organization, if any, in which such occupation or employment is carried on.
 - (2) State the year in which such director of the issuer first became a director.

- (3) State, as of the most recent practicable date, the approximate amount of each class of securities of the issuer beneficially owned, directly or indirectly, by such director or nominee. If a director or nominee is not the beneficial owner of any securities of the issuer make a statement to that effect.
 - (4) If more than 10% of any class of securities are beneficially owned by such director or nominee and his associates, state the approximate aggregate amount of each class of securities beneficially owned by such associates, naming each associate whose holdings are substantial.
- (G) Name the persons for whom it is intended that votes will be cast pursuant to the proxy.
- (H) If a nominee has not previously been elected a director by security holders of the issuer, describe briefly the business experience of such nominee during the last five years.
- (I) Describe briefly any interest, direct or indirect, of each person who has acted as a director of the issuer during the past year and each person nominated for election as a director and any associates of such director or nominee in any material transaction during the past year or in any proposed material transaction to which the issuer or any subsidiary was or is to be a party. If the interest was or is to be in the purchase or sale, other than the ordinary course of business, of property by the issuer or a subsidiary, include a statement of the cost of the property to the issuer or subsidiary and a statement of the cost to the purchaser or vendor.
- (J) Furnish the following information, in tabular form to the extent practicable and on an accrual basis if practicable, for the last fiscal year of the issuer with respect to each person who has acted as a director and officer of the issuer during such fiscal year and each person nominated for election as a director:
- (1) State the aggregate amount of remuneration received from the issuer and its subsidiaries.
 - (2) If a director, officer or nominee received cash remuneration totalling more than \$25,000 and if the amount received exceeds the total amount of his remuneration during the previous fiscal year, state the amount of such excess.
 - (3) State the amount paid or set aside by the issuer and its subsidiaries primarily for the benefit of such director, officer or nominee pursuant to each pension or retirement plan of the issuer and its subsidiaries and the amount of the annual benefits estimated to be payable to such director, officer or nominee in the event of retirement.

- (4) Describe all other transactions involving the receipt of remuneration by such director, officer or employee from the issuer and its subsidiaries, including the giving of securities, options and other property for services and the exercise of options previously given for services. If the transaction involves the giving of securities or the exercise of options to purchase securities, the market price of the securities on the date of such transaction shall be stated.
- (5) State the aggregate amount of indebtedness to the issuer and its subsidiaries, except indebtedness arising from transactions in the ordinary course of business, incurred by such director, officer or nominee, the amount thereof repaid and the rate of interest paid or charged thereon.
- (K) State the aggregate amount of remuneration received from the issuer and its subsidiaries during the last year of the issuer by the directors and officers of the issuer as a group.
- (L) State, in tabular form, the number of persons who, during the last fiscal year, received from the issuer and its subsidiaries remuneration in excess of \$25,000 but not more than \$50,000, the number of persons who received remuneration in excess of \$50,000 but not more than \$100,000 and the number of persons who received remuneration in excess of \$100,000, giving the aggregate amount of remuneration paid to the persons in each group.
- (M) In the event that a security holder of the issuer has notified the management at least 30 days prior to the date on which the soliciting material is scheduled for release to security holders that he intends to nominate and support a nominee or nominees and has furnished the management with the information called for by paragraphs (E), (F) and (I) with respect to each such nominee, name such nominee or nominees, set forth the information called for by paragraphs (E), (F) and (I) which has been furnished, name the security holder proposing to nominate and support such nominee or nominees and state the approximate amount of each class of securities of the issuer beneficially owned by him.

Item 6. If the solicitation is made otherwise than by or on behalf of the management of the issuer and action is to be taken with respect to the election of directors or similar officials--

- (A) Name the persons for whom it is intended that votes will be cast pursuant to the proxy.
- (B) If the persons solicited have cumulative voting rights, make a statement to that effect.
- (C) If a nominee is or, during the last fiscal year, has been a director of the issuer, furnish with respect to such nominee the information called for by paragraphs (E), (F), (I) and (K) of Item 5.

- (D) If a nominee has not previously been a director of the issuer, furnish the information called for by paragraphs (E), (F) and (I) of Item 5 with respect to such nominee and describe briefly the business experience of such nominee during the last five years.

Item 7. If action is to be taken with respect to the election of officers, other than officers who are directors or are proposed to be elected as directors--

- (A) Name the offices to be filled and the persons for whom it is intended that votes will be cast pursuant to the proxy.
- (B) Describe briefly the business experience of each nominee during the last five years.

SAMPLE PROXY STATEMENT*

ANNUAL MEETING OF STOCKHOLDERS

August 15, 1942

The annual meeting of the stockholders of the United States and American Corporation will be held at the office of the corporation, 2 Broadway, Peoria, Ill., at 11:00 a.m. on August 15, 1942, for the purpose of electing three directors for a term of three years and transacting such other business as may be brought before the meeting.

The management solicits your proxy for use at the annual meeting. The cost of solicitation will be borne by the corporation. You may revoke your proxy at any time before it is exercised.

Holders of both preferred and common are entitled to vote in the election of directors. The corporation has outstanding 15,000 shares of preferred stock and 250,000 shares of common stock. The only persons who own more than 10% of the corporation's voting securities are Mrs. Estelle F. Mott, who owns beneficially 40,000 shares of common stock, or approximately 15% of the voting securities, and Frank S. Norcross, who owns beneficially 30,000 shares of common stock, or approximately 11% of the voting securities.

Information about directors

The names of the directors and information about them and their associates is set forth below:

<u>Names:</u>		<u>First Became a Director</u>	<u>Securities Owned</u>	
			<u>Shares Preferred Stock</u>	<u>Shares Common Stock</u>
Abram Anderson	Vice-President, Drovers National Bank, Peoria, Ill.	1937	-0-	25
Claude R. Booth	Retired, formerly Chairman of the Board of the Corporation	1911	1,112	19,421

* The names of the corporation and other persons mentioned in this sample form are entirely fictitious and any resemblance to actual persons living or dead is purely coincidental and not intended.

<u>Names:</u>		<u>First Became Director</u>	<u>Securities Owned</u>	
			<u>Shares Preferred Stock</u>	<u>Shares Common Stock</u>
Mrs. Ann Booth			50	6,361
Other Associates of Mr. Booth			175	400
Floyd N. Carhart	Executive Vice-President	1939	-0-	2,000
Edward M. Drake	President, Citizens Light & Power Co., Auburn, Ohio	1926	25	100
Harvey Everett	President, Everett & Co., Realtors, Peoria, Ill.	1930	-0-	-0-
Elisha Fox	President	1931	20	712
Emmet Garrity	Coal and Oil Dealer Peoria, Ill.	1933	-0-	50
Frank S. Norcross	Chairman of Board of Directors	1922	300	30,000
Joseph Pflug	Plant Manager	1942	-0-	10

Management Candidates for election as directors

In the absence of a contrary direction, the management proposes to vote the proxies for the re-election to the board of Abram Anderson, Elisha Fox and Joseph Pflug. Mr. Pflug was elected by the Board of Directors on April 14, 1942, to fill the vacancy caused by the death of the late Arthur N. Mott. Mr. Pflug was assistant plant manager from 1934 to February 9, 1942, and has been plant manager since the latter date.

Other candidate for election as director.

Mrs. Estelle F. Mott has notified the management that she proposes to nominate Frank S. Mott for election as director as a representative of the members of the family of the late Arthur N. Mott who owned beneficially a total of 48,712 shares of common stock. The management is informed that Frank S. Mott is the beneficial owner of 50 shares of common stock and that for the past five years he has been president of the advertising agency of Mott, Harris & Co., Chicago, Ill.

Remuneration of Directors and Officers

Fiscal year June 1, 1941 - May 31, 1942

<u>Name</u>	<u>Total salaries and bonus payments received</u>	<u>Payments by company under retirement plan for account of directors and officers</u>	<u>Estimated annual benefits on retirement</u>	<u>Options granted* No. of shares</u>
Abram Anderson	\$ 180	\$ 0	\$ 0	0
Claude R. Booth	0	0	0	0
Floyd N. Carhart	66,214	10,216	6,215	475
Edward M. Drake	200	0	0	0
Harvey Everett	200	0	0	0
Elisha Fox	67,014**	22,461	15,000	550
Emmet Garrity	240	0	0	0
Arthur N. Mott	13,214	0	0	0
Frank S. Norcross	123,961**	38,269	15,000	3,000
Joseph Pflug	17,942***	3,212	5,200	125
George Post (Vice-President)	34,219	7,206	5,920	220
Harold Oates (Vice-President)	29,206	6,318	5,100	210
Herbert F. Wolfe (Secretary)	11,500	8,216	4,900	50
Total, directors and officers	\$364,090	\$95,898	\$57,335	4,630

* The above-mentioned options were granted on December 31, 1941. The holders thereof have the right to purchase shares of common stock at any time prior to December 31, 1944, at a price of \$5 a share. On May 7, 1942, Mr. Norcross exercised his option in part and purchased 500 shares at the option price. On that date the closing price on the Chicago Stock Exchange was 6-1/8.

** The remuneration of Mr. Norcross was increased \$21,215 during the year. The remuneration of Mr. Fox was increased \$15,712.

*** The corporation loaned Mr. Pflug a total of \$7,435 during the last year. The loan bears interest at the rate of 2%. The total amount of the loan was outstanding at the end of the year.

Remuneration Paid to Officers and Employees

<u>Salary Group</u>	<u>No. Persons</u>	<u>Amount Paid</u>
\$25,000 - 50,000	5	\$ 159,286
50,000 - 100,000	2	133,228
Over \$100,000	<u>1</u>	<u>123,961</u>
Total	8	\$ 416,475

During the year the corporation bought all of its requirements of oil for heating from Mr. Garrity. Approximately 30% of its bank loans were placed with the Drivers National Bank.

On November 1, 1941, the corporation purchased from Floyd N. Carhart, as an executor of the will of Emily R. Norcross an unimproved lot of approximately fourteen acres adjoining the main plant of the corporation at Peoria for \$40,000. According to the best available information, the lot was valued at approximately \$25,000 when the late Miss Norcross acquired it about twenty-five years ago.

Proposed change in date of annual meeting

The management will propose that the by-laws be changed to provide that the annual meeting of stockholders will be held on the third Saturday of September instead of on the third Saturday of August. The management recommends this change because it has been requested by a number of stockholders to have the meeting after the ordinary summer vacation period so that there will be a greater attendance of stockholders.

Additional information regarding the corporation

Stockholders are referred to the annual report for the fiscal year ending May 31, 1942, which was mailed to stockholders on July 15, 1942, for financial and other information about the activities of the corporation during the year.

Other Matters

The management does not know of any matters to be presented at the meeting other than those mentioned above. However, if any other matters come before the meeting, it is intended that the holders of the proxies will vote thereon in their discretion.

By order of the board of directors:

Elisha Fox,

President

SAMPLE PROXY FORM*

PROXY

The undersigned stockholder of UNITED STATES AND AMERICAN CORPORATION hereby appoints JOHN JONES and HENRY SMITH, or either of them, to act as his agents and proxies at the annual meeting of stockholders of the corporation to be held at 2 Broadway, Peoria, Ill., on August 15, 1942, with authority to vote all shares of stock of the corporation held or owned by the undersigned.

(1) in the election of directors for ABRAM ANDERSON, ELISHA FOX and JOSEPH PFLUG, or, if any of them shall unexpectedly become unavailable for election, in their discretion (or, if checked in the space following his name, for FRANK S. MOTT [] as director),**

(2) FOR [], AGAINST [], the proposal to change the date of the annual meeting, and

(3) in their discretion upon all other matters coming before the meeting.

INSTRUCTIONS AND COMMENTS:

Dated _____, 1942 _____

* The names of the corporation and other persons mentioned in this sample form are entirely fictitious and any resemblance to actual persons living or dead is purely coincidental and not intended.

** If you wish the proxy to be voted for MR. MOTT as director, strike out the name of one of the other candidates.

Please mark the way you wish your shares voted before signing and mailing your proxy. The management requests you to vote for the proposal to change the date of the annual meeting.