

June 23, 1992

To Our Clients

NEW SEC PROXY RULE PROPOSALS

The SEC today issued its revised proposals to amend the proxy rules to ease shareholder communication and lighten the filing requirements in connection with proxy solicitations. The new proposals are:

1. The ten-shareholder rule would be eliminated. If a person is not seeking proxy authority the filing and proxy statement distribution requirements would no longer apply. Written material would be required to be mailed to the SEC after use. There would be no filing requirement for press releases or ads.
2. No prior review of additional soliciting material. Proxy statements and proxies would continue to be pre-cleared with the SEC but additional soliciting material would not be required to be precleared.
3. Preliminary proxy material would no longer be deemed confidential and not subject to public access.
4. No requirement to provide shareholder list. Rather than supply a shareholder list to someone soliciting proxies, companies would be able to mail for the soliciting person.
5. Solicitation but not distribution of actual proxy card would be permitted prior to filing proxy statement.
6. Partial opposition slates would be permitted. If a noncontrol-seeking opposition slate was less than the full board, a shareholder could vote for nominees from both slates thus allowing a vote for one or two nonmanagement nominees and the balance of the management slate.
7. Bundling of related but separable proposals would not be permitted.
8. The very creative proposal by Edward Regan, Comptroller of the State of New York, to provide proxy statement access to shareholders who have held 1/2 of 1% of the shares for 3 or more years and who wish to include up to 300 words as to their views of management performance is submitted for public comment.

M. Lipton