

February 8, 1994

To Our Clients

The securities and Exchange Commission has put forward a new one-share, one-vote initiative. The SEC has requested that the New York Stock Exchange, the American Stock Exchange and the National Association of Securities Dealers adopt the following uniform rule:

Voting rights of existing shareholders of publicly traded common stock registered under Section 12 of the Exchange Act cannot be disparately reduced or restricted through any corporate action or issuance. Examples of such corporate action or issuance include, but are not limited to, the adoption of time-phased voting plans, the adoption of capped voting rights plans, the issuance of super-voting stock, or the issuance of stock with voting rights less than the per share voting rights of the existing common stock through an exchange offer.

The above restriction against the issuance of super voting stock is primarily intended to apply to the issuance of a new class of stock, and companies with existing dual class capital structures would generally be permitted to issue additional shares of the existing super voting stock without conflict with this policy.

This proposal would permit companies that are not public when the rule is adopted to go public with a dual-class voting structure. This proposal would grandfather companies with existing dual-class structures so that they could issue additional lower vote stock and additional higher vote stock.

Companies that are public when the rule is adopted would be prohibited from abandoning a one-share, one-vote structure other than through sale of lower vote stock for cash.

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