PREPARING FOR THE ANNUAL MEETING:
THE PRESSURES AND PROBLEMS

By Donald E. Pease*

*Biographical Sketch

Donald E. Pease, Secretary of the E.I. DuPont de Nemours & Co., is a member of the Delaware, District of Columbia and North Dakota Bars. He graduated from Georgetown University in 1942 with a B.S. degree and received an LL.B. degree in 1947.

This is an article based in part on a panel discussion on annual meetings at a meeting of the American Society of Corporate Secretaries at the Homestead, Hot Springs, West Virginia, on October 9, 1975.


2. As of February 29, 1976, 1,209 companies were listed on the American Stock Exchange and 1,556 companies were listed on the New York Stock Exchange. All of these companies are required to hold annual meetings. The proxy rules apply not only to securities listed on a national securities exchange, but also to equity securities issued by a corporation with assets of more than one million dollars and held by 500 or more shareholders. Securities Exchange Act of 1934 §§ 12(a), (g), 15 U.S.C. §§ 78(a), (g) (1964). General Electric holds two meetings each year: one a statutory meeting held in April of each year and the other an information meeting held each fall.

3. The 1971 annual meeting of General Motors lasted almost seven hours. It was the last meeting presided over by Chairman James M. Roche who was 65 in that year. He stayed at the podium the entire time replying to literally hundreds of questions. Gilbert and Gilbert; Thirty-Second Annual Report of Stockholder Activities at Corporation Meetings During 1971 at 31. See also Annual Meeting Time, Forbes Magazine, April 15, 1976, at 40.

THOUSANDS of annual stockholders’ meetings are held each year with attendance ranging from only a handful of persons consisting of directors and officers and their professional advisers to the thousands who attend the meetings of corporations such as AT&T and General Motors. These meetings, which have been described as “Roman Circuses,” will last from ten or fifteen minutes or may become six or seven hour marathons.

Countless hours and millions of dollars are spent in the preparation. The list of tasks includes drafting and printing the proxy material and the annual report, dealing with stockholder proposals, arranging for the meeting place, and the preparing by management to give their reports and answer shareholder questions. If the meeting rotates about the country, there are other significant matters that need attention, including reserving the site and transporting the directors, necessary company personnel, and thousands of pounds of records and equipment.
A prominent financial periodical described the preparation in a 1975 article:

To prevent . . . surprises, companies are preparing for the meetings as never before. They are exchanging information about every proposal they receive from shareholders through their command post at the Rockefeller Center offices of the American Society of Corporate Secretaries. And in a kind of dry run, much like Gerald Ford preparing for a press conference, many a management is spending long hours preparing careful answers to vexing questions asked by executives playing devil's advocate. Many a chairman this spring will be clutching a big black book of prepared answers, like a corporate security blanket, as he mounts the dias.4

This article, it is hoped, will prove to be of some help in meeting the challenge of the preparation for the annual meeting.

Are Annual Meetings Necessary?

Annual meetings have been described as “charades” or “preordained rituals.” Critics say that meetings are costly, sometimes sparsely attended and serve no useful purpose that could not be accomplished by other means. Indeed, the Delaware Corporation law provides that a majority of stockholders are authorized to consent in lieu of a meeting of stockholders.5

Professor Ernest L. Folk, III, in his treatise on Delaware Corporation Law, states that this provision “has been one of the major attractions to corporations to leave their home states and reincorporate in Delaware.” He adds that although its advantages can be overestimated, “this section has nonetheless been used with increasing frequency to elect and to remove directors and to effect acquisitions.”6

However, both the New York and the American Stock Exchange require their listed companies to hold meetings for the election of directors. The Chairman of the New York Stock Exchange made it quite clear that he favors the holding of annual meetings when he stated:

My personal view is that the corporate Annual Meeting is and should continue to be the basic forum of shareholder democracy and an important stimulus to candid corporate self-analysis.

At a time when corporations are under fire from various consumer groups and other observers, permissive removal of that

5. 8 Del. C. § 228.
forum would be widely interpreted as an act of corporate arrogance.\textsuperscript{7}

The American Stock Exchange’s policy is that a listed company “is required to hold annual meetings of its stockholders annually to elect directors and to take action on other corporate matters.”\textsuperscript{8}

Moreover, business executives have expressed opinions favoring annual meetings. Chairman John D. de Butts of AT&T said:

“I think the stockholders are entitled to an opportunity to hear at first-hand from the officers of the company about their progress and the problems. After all, it’s their money that backs up the company. Also, I think they are entitled to an opportunity to present their own views personally.”\textsuperscript{9}

Frank A. Hutson, Jr., Secretary of AT&T, at the 1975 national conference of the American Society of Corporate Secretaries stated that the annual meeting serves a practical purpose for two reasons. First, it is necessary to preserve the “legend” of corporate democracy and the elimination of the annual meeting could cause the introduction of restrictive and undesirable legislation. Second, the annual meeting imposes a discipline on management because it is in effect, an annual audit of management’s stewardship of the business. Preparation for the meeting, he said, “forces a reexamination of policies — a crystallization of thoughts.”\textsuperscript{10} It is suggested that there is another reason for the meeting: It provides an opportunity for the stockholder to see their top executives in action. If management performs well the image of the company will take on added strength.\textsuperscript{11}

\textsuperscript{7} 1 Newsletter for New York Stock Exchange, Inc. Listed Companies, March 28, 1973. Mr. deButts recently stated: “To my mind, it is downright dangerous to acquiesce to the notion that annual meetings are compulsory exercises that, because they are required by law and hallowed by tradition, must somehow be endured. That notion is dangerous because it gives comfort to those critics of business who contend that what we call share owner democracy is no more than a charade, a three-ring circus or one of the more specialized examples of twentieth century guerilla theatre. More seriously, it is a dangerous notion because it lends comfort to the charge that the management of big business has become law unto itself, that it has grown beyond accountability.”


\textsuperscript{9} American Stock Exchange Company Guide § 704.


\textsuperscript{11} Each year the Gilberts publish an honor roll of “well-conducted meetings.” \textit{Supra} note 1, at 33.
Most companies prepare a checklist or schedule of events in preparing for the annual meeting. This has at least three advantages:

1) it sets deadlines for tasks that must be performed prior to the meeting;
2) it fixes responsibility for doing these tasks; and
3) it serves as a checklist of all the jobs that should be done.

Such a list, of course, will vary with the size of the meeting. The primary dates which should be taken into consideration are:

1) The date for stockholder proposals;
2) date of committee or Board approval of the proxy material;
3) Record Date;
4) date of mailing of proxy material and annual report;
5) annual meeting date; and
6) date of post-meeting report where such a report is sent to stockholders.

Between these primary dates, there is an almost endless list of matters that need attention: preparation and distribution of the officers’ and directors’ questionnaire for the proxy material, preparation of the preliminary proxy material, necessary or appropriate committee or board actions, confirmation of the availability of nominees, reservation of the meeting place, and mailing copies of the proxy material and the annual report to shareholders, the appropriate exchanges, and Securities and Exchange Commission.

For the meeting itself, a chairman’s script must be prepared and speeches must be drafted for members of management who will address the meeting. Proof of mailing of the notice of the meeting, ballots and the inspectors’ oath and report must be available for the meeting. In addition, the stockholder list must be at the meeting place a certain number of days prior to the meeting as specified by state statute12 and the directors and officers must be ready to answer stockholders’ questions. All the seating arrangements will have to be made for

---

12. Under 8 Del. C. § 219, a stockholder list must be available for examination by any stockholder at the meeting place at least ten days before the meeting. There is opinion that such lists can be cards, tapes, photographs, microphotographs or other devices on which records are kept, provided the information sought by a stockholder is promptly ascertainable. 8 Del. C. § 224.
officers, guests, and members of the media. Security arrangements must be carefully checked, transportation and parking should be provided for the stockholders, and someone should be assigned responsibility for retaining the transcription stenographer or having a tape recorder available. The schedule of post-meeting activities will include the Board of Directors’ meeting, post-meeting press releases, preparation of a Form 8-K, and the post-meeting report to the stockholders.

This list of tasks is by no means complete.

A sample of a somewhat detailed schedule is set forth in Appendix A.

Stockholders Proposals — Rule 14a-8

The solicitation of proxies by corporations whose securities are registered under Section 12 of the Securities Exchange Act of 1934 is regulated by Section 14 of that Act\(^\text{13}\) and the rules and regulations of the SEC, Rule 14a-8 of Regulation 14A\(^\text{14}\) requires management to include in its proxy material all shareholder proposals properly submitted that do not fall within one of the exceptions to the rule.

The Commission first dealt with stockholder proposals in 1938 when it took the view that a proxy statement was misleading if management did not indicate any shareholder proposals which it knew would be presented at the meeting and intended to vote against. In 1940, the Commission first required that the proxy form provide a space for the shareholder to vote on a shareholder proposal. The rules were amended in 1942 to require a company to include proposals of which it had been given reasonable notice by the security holder. An amendment in 1947 required the Company to notify the Commission, at the time of filing its preliminary material, of any shareholder proposal management intended to omit. In 1954, another amendment required the Company to give such notice to the Commission before filing of its meeting material. Amendments in 1948, 1952 and 1954 stated the circumstances in which the Company was not required to include security holder proposals.\(^\text{16}\)

Certainly one of the most time-consuming aspects of the preparation for the annual meeting for many companies is dealing with stockholder proposals. Some of the larger companies receive fifteen to twenty resolutions each year for their proxy material. A decision must

be made whether to oppose inclusion of the proposal and seek a "no-action" letter from the Securities and Exchange Commission, to attempt to persuade the proponent to withdraw it, or to include it in the proxy material with the recommendation that the stockholders vote against it. The final decision oftentimes occupies a significant amount of the time of top management, even extending to action by committees of the Board or by the Board itself.

Advocates of the shareholder movement have cited Rule 14a–8 as a basic element of corporate democracy. Others, however, do not share this view, saying that the SEC should put a stop to all the "nonsense" on the ground that both stockholders and management are "fed up with it."

One might agree with the latter statement in light of recent episodes related to shareholder proposals. In 1971 Rodney Shields bought one share of stock in each of 30 companies and then bombarded their managements with dozens of proposals. Many of them were included in proxy statements and came up for vote at annual meetings, but in most cases, Shields was conspicuous by his absence. In addition, in the most massive shareholder campaign ever, the American Jewish Congress during the 1976 proxy season submitted a proposal on the Arab boycott to over 200 companies — a cause for deep concern to the management of many of the nation's largest companies. By February, 1976, 336 stockholder proposals had been submitted to 217 corporations and more were expected. This compares to the 95 resolutions proposed to some 63 corporations in 1975.

Promptly upon receipt of a proposal, counsel will want to know whether there is a basis in the proxy rules for its omission from the proxy material. If it is determined that there is good reason for excluding it, the Company must file a statement with the SEC not later than 30 days before preliminary copies of the proxy material are sent to the Commission. The statement must contain the reasons why such an omission is proper and furnish an opinion of counsel as to any questions of law. This information must also be sent to the security holder at least by the same time it is mailed to the SEC.

18. Subsequent to 1971, Shields left for a new life in Hawaii where he made an abortive attempt to reopen an already dismissed stockholder suit against a Honolulu business firm. Shields not only lost the case, but also aroused the anger of the judge who called him a "leech" and ordered him to pay $4,800.00 in costs and legal fees. Supra note 17, at 55.
20. Rule 14a–8(d). In its recent release proposing amendments to Rule 14a–8, the SEC proposes an amendment which would extend the 30-day period for filing
If the SEC staff agrees with management’s position, it will issue a “no-action” letter. This is an informal advisory opinion stating, in effect, that the SEC staff will not recommend that the Commission take action against the company if the proposal is omitted on the basis of the facts stated in management’s letter and the opinion of counsel.21

Bases for Omission of Proposals

Rule 14a–8 provides a number of exceptions to the requirement that a stockholder proposal be set forth in the proxy material. Other rules also provide a basis for omission. The difficulty lies in convincing the SEC staff of the soundness of management’s position. Many a request for a no-action letter has been sent to the Commission with the full conviction that the Staff would be persuaded by the distinguished arguments only to have hopes dashed by the staff’s failure to agree. It is worthwhile, however, when considering a shareholder proposal to review the exceptions carefully.

Paragraph (a)

A proposal may be omitted unless it is received not less than 70 days in advance of the date of management’s proxy material for the previous years. It is contended that more time than the 70-day period is needed to do the multitude of tasks necessary to deal with stockholder proposals. The SEC has proposed an amendment which would extend the timeliness deadline from 70 to 90 days.22

Another basis for omission under Paragraph (a) is the failure of the proponent to state that he will present the proposal for action at the meeting. This exception, however, really only provides a delaying action for the proponent can easily correct the error by writing another letter stating his intention to appear. Indeed, the SEC in its recent release proposing changes in Rule 14a–8 would incorporate this practice in subparagraph (a) (2) of the Rule.22a


Management is also permitted to omit a proposal under Paragraph (a) if it applies to elections to office. Among proposals not included in the proxy statements under this section in 1976 is one providing for a new slate of directors and another calling for an amendment to the bylaws for a procedure by which a shareholder can be listed in the company's proxy material as a candidate for director.

Paragraph (a) also permits omission of a proposal if it is a counterproposal to a matter submitted by management in the proxy material. For example, the SEC staff has agreed to the omission of a shareholder's proposal to nominate auditors when management has a proposal on auditors before the shareholders.

**Paragraph (c)(1)**

This paragraph permits omission of a stockholder proposal if it "is, under the laws of the issuer's domicile, not a proper subject for action by security holders." State laws generally provide that the management of the business and affairs of a corporation are vested in the Board of Directors. Paragraph (c)(1) recognizes that if a proposal would compel the directors to take any action as to the business and affairs of the company, management may omit it from the proxy material.

The staff has issued a number of "no-action" letters permitting omission of proposals that would require the director to act on such matters. These have included proposals that would make mandatory: (a) discounted or free telephone service, (b) an interest rate for cor-

23. Division Letter, Minero International Corp. (available Jan. 21, 1976). The Commission proposed to place this provision on election of directors in subparagraph (c)(8). The words "corporate, political or other," have been added "to make clear that the new subparagraph would apply to a proposal relating to any type of election to office." Release No. 12598 at pp. 9, 15.


26. The Delaware Corporation Law provides that "The business and affairs of every corporation organized under this chapter shall be managed by or under the direction of a board of directors, except as may be otherwise provided in this chapter or in its certificate of incorporation." 8 Del. C. § 141(a).

The Commission proposes to delete the words "as submitted" to make clear its intention that a proponent is not bound by the original text of his proposal under this provision "but may revise the proposal in those instances in which a non-substantive change (such as a change in form) will bring it into compliance with the applicable state law." Release No. 12598 at pp. 5, 14. A "note" provides:

"A proposal may be improper under the applicable state law when framed as a mandate or directive, may be proper when framed as a recommendation or request."

27. Division Letters, American Telephone & Telegraph (available Jan. 9, 1974).
porate bonds tied to the U. S. Consumer Price Index,28 (c) termination of a policy of systematic separation of employees with over ten years of service who are not eligible for union membership,29 (d) in addition to its regular dividend, distribution by a company of 10% of its net income yearly to the stockholders,30 and (e) issuance of a semi-annual report of the distribution of employees based on race and sex, an annual report on advertising in both black and white media, and the appointment of a stockholder fair employment and fair advertising committee.31

In addition, proposals can be omitted under Paragraph (c) (1) if they are in conflict with a law. Examples of proposals which the staff has agreed may be omitted are: (a) requiring the election to the company's board of a shareholder who attends the meeting and is nominated from the floor (an apparent violation of the provision of the New York Business Corporation Law),32 (b) requiring a fund to establish a secondary trading market in an investment company's securities and employing an independent attorney in connection with such trading which appear to be in violation of the Investment Company Act of 1940,33 and (c) that a company adopt a pension plan, provisions of which appeared to be in violation of the Employee Retirement Income Security Act of 1974.34

**Paragraph (c)(2)(i)**

This exception gives management the right to omit a proposal which relates to the enforcement of a "personal claim or the redress of a personal grievance against the issuer, its management, or any other person." A surprising number of proposals of this nature have been submitted to management. Examples of proposals omitted under this part of the rule with agreement of the SEC staff are:

(a) a proposal providing for an amendment of a pension plan which would retroactively confer pension benefits upon the proponent;35

---

29. Division Letter, United States Steel Corp. (available Feb. 5, 1974).
35. Division Letter, Hercules, Inc. (available Jan. 30, 1974). The Commission proposes to retain the aspect of the rule as to personal claims or grievances as subparagraph (c) (4). Release No. 12598 at pp. 7, 15.
(b) a proposal that a company establish a program to return employees who have had open heart surgery to their former occupations if this is recommended by a committee of specialists;\footnote{36} and

(c) a proposal that supervisory employees who are granted early retirement should be entitled to any benefits of a proposed new pension plan.\footnote{37}

\textit{Paragraph (c)(2)(ii)}

This paragraph allows management to omit a proposal if it is "a recommendation, request or mandate that action be taken with respect to any matter, including a general economic, political, racial, religious, social or similar cause, that is not significantly related to the business of the issuer or is not within the control of the issuer."

At least ten companies were allowed to omit the proposal of the American Jewish Congress on the Arab boycott under this paragraph on the basis that the percentage of business done by them in the Arab countries was less than one percent of their total sales, earnings or assets and, this was, therefore, a matter not significantly related to their businesses.\footnote{38} Perhaps this is an indication that the Commission believes there is a serious question whether any person or organization should be allowed to use proxy statements to plead their causes. Mr. Will Maslow, General Counsel of the American Jewish Congress, is quoted as saying "we are making no threats, but just trying to sensitize companies to the issues."\footnote{39}

Eastman Kodak had more difficulty with the American Jewish Congress than most companies. Although it received a no-action letter from the SEC allowing omission of the Arab boycott resolution, the American Jewish Congress initiated suit to enjoin the holding of East-

\footnote{36. Division Letter, Soo Line Railroad Co. (available Feb. 21, 1974).
39. Perham, Annual Meeting Dissidents on the Attack, \textit{Dun's Review}, Apr. 1, 1976, at 53. A proposed revision of Rule 14a-8 would provide in subparagraph (c)(6) that a proposal may be omitted if it deals with a matter that is "beyond the issuer's power to effectuate." This provision now is in subparagraph (c)(2)(ii). Release No. 12598 at pp. 7-8, 15.
man Kodak’s annual meeting.\textsuperscript{40} However, after Eastman Kodak agreed to give additional information to Mr. Maslow, the suit was dropped.

It should also be noted that paragraph (c)(ii) has been used to omit a proposal related to a purely social matter — the setting aside of land for a public park.\textsuperscript{41}

\textit{Paragraph (c)(5)}

This paragraph is the most used and controversial of all the exceptions of Rule 14a–8. The staff’s application of the exception has been marked by inconsistencies.

To illustrate, a 1974 staff letter expressed disagreement that a company could omit a proposal for an amendment of a bonus plan to provide a profit sharing plan for all employees of the company.\textsuperscript{42} In contrast, the staff has permitted the omission of proposals related to executive compensation plans for officers and key employees of the company.\textsuperscript{43}

Other examples of omissions under this paragraph are:

(a) a proposal requesting curtailment of further appeals and litigation concerning the company’s marketing methods;\textsuperscript{44}

(b) a proposal related to the sale of corporate assets in the ordinary course of business;\textsuperscript{45}

(c) a proposal that the board determine whether a car built to provide maximum pedestrian safety that complies with legal requirements would save sufficient lives to be worthwhile;\textsuperscript{46}

\begin{itemize}
\item \textsuperscript{40} \textit{See} \textit{N.Y. Times}, Mar. 26, 1976, at 3.
\item \textsuperscript{41} Division Letter, Hawaiian Electric Co., Inc. (available Feb. 17, 1976).
\item Division Letter, E.I. duPont deNemours & Co. (available Jan. 29, 1974).
\item The Commission’s proposals for Rule 14a–8 would delete subparagraph (c)(5) and replace it with a new subparagraph (c)(7). The new subparagraph would permit the omission of a proposal only if it deals with a “routine, day-to-day matter relating to the conduct of the ordinary business operations of the issuer.” The standard for distinguishing between routine and important business will be: “Will it be necessary for the Board of Directors (or other governing body of the issuer, such as the board of trustees) to act on the matter involved in the proposal?” Alternatively, the Commission proposes as to both subparagraph (c)(5) and (c)(7) a provision which would allow the omission of a proposal if it: “deals with a matter that the governing body of the issuer (such as the Board of Directors) is [not] required to act upon pursuant to the applicable State law or the issuer’s governing instruments (such as the Charter or By-Laws).” Release No. 12598 at 8–9, 15. Note that the Commission staff has indicated that the word “Not,” in brackets above, was inadvertently omitted from Release No. 12598.
\item Division Letters, Northeast Bancorp, Inc. (available Feb. 4, 1975); City Inventory Co. (available Mar. 31, 1975); The Procter & Gamble Co. (available July 17, 1975).
\item \textsuperscript{43} Division Letter (Muttes), General Electric Co. (available Jan. 30, 1974).
\item Division Letter, Exxon Corp. (available Feb. 19, 1974).
\item Division Letter, Ford Motor Co. (Sieb) (available Mar. 15, 1974).
\end{itemize}
(d) a proposal that the board consider requiring management to adopt certain accounting procedures;\(^47\)

(e) a proposal that a company impose a voluntary total ban on tobacco product advertising, that the company insure that no tobacco product in the future carry a geographic name, and that the company reduce total debt to 10% or less of total assets;\(^48\) and

(f) a proposal that certain affirmative procedures be followed in the selection of the company's outside counsel, independent auditor and transfer agent.\(^49\)

Two paragraphs of Rule 14a–8 relate to omissions of shareholder proposals where there is a failure to meet certain procedural requirements of a percentage of vote requirements.

**Paragraph (c)(3)**

Management will be allowed to omit a proposal if the proposal had been included at the security holder's request, in the proxy statement and form of proxy "relating to either of the last two annual meetings of security holders or any special meeting held subsequent to the earlier of such two annual meetings and such security holder has failed without good cause to present the proposal, in person or by proxy, for action at the meeting." The SEC staff has agreed that the existence of a conflict with another meeting does not meet the test of a "good cause."\(^49a\)

**Paragraph (c)(4)**

If substantially the same proposal has previously been submitted to security holders in the management proxy material within the preceding five calendar years, it may be omitted from management's proxy material relating to any meeting held within three years after the latest previous submission if:

(i) the proposal was submitted at only one meeting during such preceding period and it received less than three percent of the total number of votes cast in regard thereto; or

(ii) if the proposal was submitted at only two meetings during such preceding period, and it received at the time of its

---


\(^{49}\) Division Letter, Northeast Utilities (available Feb. 20, 1976).

\(^{49a}\) The Commission's proposed amendments to the rule would add a sentence at the end of subparagraph (a)(2) regarding permitted omissions of proposals by a shareholder who fails without good cause to present his proposal at the meeting which will have essentially the same effect as present subparagraph (c)(3). Release No. 12593 at 3, 13.
second submission less than six percent of the total number of votes cast in regard thereto; or

(iii) if the proposal was submitted at three or more meetings during such preceding period, and it received at the time of its latest submission less than ten percent of the total number of votes cast in regard thereto.

The most important part of this provision is the phrase "substantially similar proposal." It is understood that the staff interprets the phrase to mean a proposal that is like another in scope and effect. But the records show that shareholders with some ingenuity can succeed in having proposals on the same subject matter included in the proxy material in succeeding years.

In 1975, General Electric Company failed to convince the staff that two proposals submitted in succeeding years in each case had the similar purpose of inducing G. E. to terminate production related to the B-1 bomber. The staff agreed with the proponents that the proposals were not substantially the same because the emphasis of one was the disclosure of information regarding the impact of weapons contracts on employment levels and the primary purpose of the other was to have disclosure of information on the effect of the B-1 bomber program on energy consumption.

The Commission's proposed amendments to Rule 14a-8 would permit omission of a proposal if it "deals with substantially the same subject matter as a proposal previously submitted to security holders." The Commission in its release states its belief that the proposed change would "effectively limit the scope of shareholder proposals submitted under Rule 14a-8 to those matters that either have not been acted upon by an issuer's security holders within the period specified in the rule, or, if acted upon, have evoked a significant shareholder vote during that period." There are many who will applaud such a change.

**Omission Under Rule 14a-9**

This rule provides that a solicitation subject to Regulation 14A cannot be made by means of any proxy material or other communication, written or oral, containing any statement which

at the time and in the light of the circumstances under which it is made, is false or misleading with respect to any material fact, or which 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 an earlier communication with respect to the solicitation of a proxy for the same meeting or subject matter which has become false or misleading.

If a stockholder proposal is in conflict with this rule, it may be omitted from the proxy material. Examples of omissions found proper by the staff under this provision are:

(a) a proposal which would require a company to mail a “candid” post-meeting report to the company’s shareholders each year;\(^\text{53}\)

(b) a proposal that a shareholder committee should be appointed to investigate violations of certain bylaw sections (this was deemed misleading because it appeared to imply that officers and directors of the company had engaged in improper conduct by violating the provisions of the proposed bylaws);\(^\text{54}\)

(c) a proposal with supporting statements that said:

(1) there exists reservations in the stock market regarding the company’s profitability, and

(2) which implied that the company had voluntarily chosen to follow ultraconservative accounting policies because it failed to reflect a dollar amount in book value for fully depreciated assets still productively used in the business.\(^\text{55}\)

The Proxy Rules are the primary source for determining whether a shareholder has the right of access to management’s proxy machinery. The cases on this question are sparse.\(^\text{56}\) Further, the controversy surrounding stockholder proposals will increase in intensity, particularly in light of predictions of an even greater proliferation of stockholder proposals.

\(^{53}\) Division Letter, Electronics Corp. of America (available Jan. 16, 1973).


\(^{55}\) The Commission’s proposed amendments to the shareholder proposal rule would permit omission of a proposal by placing in subparagraph (c) (3) the following language:

“\((c) (3) \) If the proposal or the supporting statement is contrary to any of the Commission’s proxy rules and regulations, including Rule 14a-9, which prohibits false and misleading statements in proxy soliciting materials;” SEC Release No. 12598 at 6, 15.

In a recent case, the U.S. Supreme Court held that the general standard best comporting to the standard of materiality of Rule 14a-9 is whether there is a substantial likelihood that a shareholder would consider the omitted fact important in deciding how to vote. TSC Industries, Inc., et al. v. Northway, Inc., ___ U.S. ___, 96 Sup. Ct. 2126 (1976).

proposals in future years. Certainly this requires reexamination of the extent to which the proxy machinery should be used to advocate racial, economic and political causes.

The Commission's proposed amendments to Rule 14a–8, if adopted, would decrease the amount of data shareholders must now read in many proxy statements to reach the important matters. Undoubtedly, the Commission will receive many comments pro and con from management and the shareholders on these proposed revisions. Certainly they represent an effort on the part of the Commission to make the proxy statements and annual meetings more meaningful to all of the shareholders.57

Mailing the Annual Meeting Material

A matter of great importance is to mail the meeting material in sufficient time to insure a quorum and a good representation at the meeting. The proxy rules fix no time for mailing the material for the annual meeting.

State corporation laws generally provide a time span within which the notice of the meeting should be sent to security holders. The Delaware Corporation Law specifies that the notice "shall be given not less than ten nor more than sixty days before the date of the meeting . . ."68 Both the New York and American Stock Exchanges have issued guidelines on this matter. The NYSE states that it has no rule, but it recommends a minimum of thirty days be allowed between the record date and the meeting date to give ample time for the solicitation of proxies. The ASE suggests that the material "be received by stockholders as many days as possible (preferably at least 20 days) in advance of the meeting.59

There are a number of other questions that need to be considered on mailing the meeting material. Should the annual report be mailed separately or with the proxy material? Should first class mail be used for all of the meeting material or for only a part of it? A survey conducted by the American Society of Corporate Secretaries and published in January of 1976 shows that of the 733 companies which responded to the questionnaire, 405 used first class mail for the proxy material, and 328 used third or fourth class bulk for the annual report. There is an increasing number of companies using the third class bulk mail combination method of sending their proxy material and annual report.

---

58. 8 Del. C. § 222.
to the stockholders. Large corporations such as American Telephone & Telegraph, E. I. du Pont de Nemours and Company, American Cyanamid, Exxon and RCA have had no significant problems with this type of mailing.

The third class combination method of mailing is desirable for two reasons: it insures that the annual report will be received by the shareholder not later than the proxy material as required by Rule 14a-3(b) and makes possible large savings in mailing costs where there are a substantial number of shareholders.

In 1976 third class mailing of the proxy material and the annual report, compared to first class postage, saved E. I. du Pont de Nemours and Company approximately $185,000.00.

One problem in this type of mailing is the proscription of the Post Office Department that there be no printed indication on the proxy card of the number of shares owned by stockholders. The name and address of the shareholder, the account number and a sequence number can be shown.

Some stockholders object to omitting the number of shares on the proxy card and to mailing the annual report and the proxy material by third class postage.

**AGENDA AND RULES OF CONDUCT FOR ANNUAL MEETING**

All meetings, of course, have an agenda, but only a few companies publish rules of conduct. As to the agenda noted in appendix B, some corporations have their general discussions early in the order of business while other companies have the general discussion as a last part of the business. Early general discussion is said to be desirable because many shareholders want answers to their questions on the general condition of the business before disposition of the formal matters at the conclusion of this discussion.

In addition, it will be noted that three of the companies shown in appendix B specify rules regarding the conduct of the meeting which include setting time limits for stockholders who speak to the meeting. Such limits have been established by many corporations in order to shorten the time of the meeting, some of which, as noted before, last many hours.

---

60. Post Office Regulation 131.212a, Part 131.2 referred to in 39 C.F.R. 111.4.
61. Proposal of Lewis Gilbert et al. in 1975 proxy statement of E.I. duPont deNemours & Co., Mar. 10, 1976, at 12. The resolution requests the Board to take steps necessary to provide that proxy cards contain the number of shares of individual owners. Mr. Gilbert also objects to the Annual Report being sent by what he describes as "junk mail."
62. See Appendix B.
A summary of responses to a questionnaire related to the conduct of meetings is attached as appendix C.

RULES OF PROCEDURE

A number of shareholders who attend meetings insist that rules of parliamentary procedure be followed. It is, therefore, desirable to prepare for meeting challenges on this matter. The consensus among legal authorities is that the rules of parliamentary procedure customarily followed at other types of meetings and set forth in works such as Robert's Rules of Order do not bind the chairman in conducting a shareholders' meeting. So, unless there is provision in the bylaws requiring the use of parliamentary rules of procedure, they need not be followed.

The court cases on this question have uniformly held that adherence to parliamentary procedure is not necessary; all that is demanded is that everyone who takes part in the meeting be treated with fairness and good faith.

THE DISORDERLY STOCKHOLDERS

All agree that a disorderly stockholder should lose her or his right to speak at the meeting. Lewis and John Gilbert, who have probably witnessed more annual meetings than anyone, express it this way: "The annual meeting should be an orderly procedure, and management is justified in removing from the floor those who seek to disrupt it."

If the shareholder will not cooperate with the chairman's request to act properly, he can state to the shareholder, "You are out of order. Please sit down immediately." If that request is ignored, he should say, "Because of your refusal to comply with the rules of conduct, you are requested to leave the meeting at once." A designated security person should then approach the shareholder and say, "The chairman has asked that you leave this meeting. Will you please come with us?" If the shareholder still refuses to leave, the security advisor should

64. Andersen, Farmer & Hutson, How to Conduct an Annual Meeting, 21 PRAC. LAW. 44 (1975); De Wolfe, Handling Problems at Shareholders Meetings, 17 PRAC. LAW. 58-59 (1971).
66. Supra note 63.
state, "You are on private property and you are disrupting an official company function. Your invitation to attend this meeting is revoked. Unless you leave at once you will be arrested by the police. Will you leave?" If the person refuses to leave, the police (usually plainclothesmen in attendance) should be summoned to have the person arrested and removed.

It is important that company employees not participate in the arrest. If it is necessary for the company to sign a complaint, this can be done by the designated security person.

It is submitted there is also a serious question about the right of a disorderly shareholder to use the management's proxy material for any proposal for subsequent shareholder meetings. Deep concern has been expressed by the chairmen of a number of companies about the abusive and offensive conduct of certain shareholders. In most cases, the chairman is reluctant to have such a shareholder removed from the meeting. It is thus suggested, as in the case of the unexcused absent proponent, that the Commission adopt a rule that a shareholder guilty of such conduct forfeits for a specified period of time any right to use management's proxy material for any proposal. Such a proposal has been submitted to the Commission's staff.

**Major Disturbance of the Meeting**

Preparation should be made for an emergency adjournment and reconvening procedure if the meeting cannot be continued because of a major disturbance. If the chairman believes that it is impossible for the meeting to continue in an orderly manner, he can recess the meeting with the following language:

The chair finds that it is impossible to continue this meeting under the present conditions. Accordingly, this meeting is recessed until _______ o'clock this afternoon at which time the meeting will be reconvened in this same room. Will the ushers kindly assist the stockholders in clearing the room.

If there is some unforeseen difficulty such as a bomb threat, the following statement is appropriate:

"I am informed that it will be necessary to clear the room as there has been a threat to all of our safety on the premises. Accordingly, this meeting is recessed until _______ o'clock this afternoon, at which time it shall be reconvened at (name site). Will the ushers kindly assist the stockholders in clearing the room?"
The possibility of the existence of an explosive device in a meeting place is not as unrealistic as one might believe. After a bomb exploded this year in one of its west coast offices, Union Carbide introduced extraordinary security measures for its 1976 annual meeting. A special search of the premises was made prior to the meeting by police bomb experts who used dogs specially trained to detect explosive devices and every briefcase, package and ladies' purse carried into the meeting place were examined by an X-ray device much the same as those used in major airports.

A chairman who sees little being accomplished might want the meeting terminated as soon as reasonably possible. If so, the following so-called "20-second adjournment procedure" is recommended:

"As Chairman of this meeting, I now rule:
1) notice of meeting has been properly served.
2) a quorum is present — over 85% of the shares are represented by proxy.
3) all items of business are properly before the meeting.
4) the polls are open and will stay open for 48 hours to receive votes you may wish to cast by proxy or ballot. Mail them to (designate address).
5) I declare the meeting adjourned.

Ballots and proxy cards are available from ushers and at the stockholder information booth. Your post-meeting report will include the final vote tabulation."

Some undoubtedly will find fault with this procedure but it is submitted that it is a perfectly legal way to adjourn an otherwise uncontrollable meeting.

The Problem of Additional Soliciting Material

There is always the risk that public statements by Company officials about a proposal in the proxy statement prior to the annual meeting will be deemed "additional soliciting material" and therefore should be filed with the SEC in accordance with Rule 14a–6(b). Even more difficulties arise if a communication is deemed "misleading" by the staff or a court under Rule 14a–9.

Such a pre-meeting problem is typified in the context of a hypothetical proposal in the proxy material as follows:

"Resolved, that the shareholders of Y Company request the Board of Directors in accordance with the laws of the State of
Delaware and the Certificate of Incorporation of the Y Company to adopt a resolution setting forth an amendment to its Certificate of Incorporation to the effect that the Company shall have a profit-sharing plan.\textsuperscript{67}

Assume further that Company Y's public relations experts want to issue a press release promptly after mailing the meeting material to explain management's opposition to this proposal. They wish to include a statement about the deficiencies of profit-sharing plans in a speech soon to be given by Y's chief executive officer before a group of security analysts. In addition, the Company's employee relations experts have prepared a package of material for distribution to all employees describing the basis of management's opposition to the proposal.

If any of the above described actions constitute additional solicitation, the written material must be filed with the SEC in accordance with Rule 14a-6. The term "solicitation" is defined as:

\textit{"(1) any request for a proxy whether or not accompanied by or included in a form of proxy; (2) any request to execute or not to execute, or to revoke a proxy; or (3) the furnishing of a form of proxy or other communication to security holders under circumstances reasonably calculated to result in the procurement, withholding or revocation of a proxy."}\textsuperscript{68}

It might be useful, first, to state the activities that do not constitute solicitation. For example, the sending by the issuer to its security

\textsuperscript{67} It is assumed that Company's management determined not to omit this resolution. Argument could have been made that the proposal could properly have been omitted under at least two exceptions: it is a request as to a matter which is related to the conduct of the ordinary business of Company Y under paragraph (c)(5) of Rule 14a-8 and it is excludable under Rule 14a-9 and 14a-5 as misleading or vague because neither the proposal nor the supporting statement defined the term "profit" or the type of profit-sharing plan contemplated.

A recent article describes the benefit of casting the resolution in a form of a bylaw or charter amendment:

In essence, counsel have learned to use form as the opening wedge in an effort to achieve substantive change in corporate policy. The technique is to cast proposals in the guise of bylaw or charter amendments, thereby establishing a basis to contend that, because the law of the issuer's domicile gives shareholders the power to make charter or bylaw amendments, such proposals — whatever their content — are necessarily "proper subjects for action by security holders" and, therefore, proper subjects for corporate action.

\textit{Kapp \& Bancroft, No-Action Letter Highlights, 3 Sec. Res. L.J. 71 at 73 (1975). See the Medical Committee for Human Rights v. SEC, 432 F.2d 659 (D.C. Cir. 1970), vacated as moot 404 U.S. 403 (1972), in which the court in effect stated that the right of shareholders to make charter amendments implied a right to make substantive corporate changes, including a right to preclude, as a Dow Chemical Corp. shareholder proposed, the company from manufacturing napalm.}

\textsuperscript{68} Rule 14a-1.
holders of quarterly, semiannual, or annual reports or other normal communications in the regular way is not solicitation, unless it includes a discussion about a proposal in the proxy material.90 Further, there is no solicitation (a) in furnishing of a form of proxy to a security holder upon the unsolicited request of such person, (b) the performance by a person of purely ministerial acts on behalf of another person who is soliciting proxies, (c) replying to inquiries from security holders requesting further information, and (d) communications from a company which do no more than request that forms of the proxy theretofore solicited be returned and signed.79

In addition, Professor Lewis Loss in his encyclopedia, "Securities Regulation," states that "as a matter of administrative policy the Commission has never questioned the propriety of the issuer's answering inquiries from the press as long as they have not been 'planted' by the person interested in obtaining proxies."71

The proposed press release, the speech for the chief executive officers and the material prepared for the employees of Company Y, however, would be additional solicitation, and the related matter should be filed with the SEC. It is not necessary that a communication specifically requests a proxy or the revocation of a proxy or a consent; it is only required that the writings in question be "part of a continuous plan ending in solicitation and which prepare the way for its success."72

Under Paragraph (g) of Rule 14a–6 speeches, press releases and radio or television scripts may, but need not, be filed prior to use or publication. Copies, however, must be filed or mailed to the SEC not later than the date such material is used or published.

Moreover, five copies of the package of material for the employees must be filed as additional soliciting material at least two days prior to the date the information is first published to the employee stockholders, unless the SEC agrees to acceleration. Any publication or reprint of any statement in the proxy statement or speeches on the subject of the proposal should be included with the writings to be filed.73

It is important that care be taken in the preparation of additional soliciting material, for if it contains a misleading statement or omits a material statement, under Rule 14a–9 the SEC staff could require that corrective statements be published. And if this cannot be done prior to

70. Rule 14a–6(f).
72. SEC v. Okin, 132 F.2d 784, 786 (2d Cir. 1943).
73. Supra note 69.
the meeting, there is always the risk that proxies will be deemed void and not votable.74

It is recommended that counsel advise members of management and other appropriate persons of the possible pitfalls in the problem of additional solicitation and that any material related to proposals in the proxy statement should be reviewed prior to publication by the law department or outside counsel. This procedure probably will be regarded by some as an unnecessary interference in their internal affairs, but it could be most beneficial in preventing the unwary from violating the proxy rules.

INNOVATIONS IN THE PROXY STATEMENT

At least two corporations — General Motors and United States Steel Corporation — include in their proxy statements a section on general information to stockholders that technically is not part of the proxy statement. These include information about the number of times the Board of Directors meets, committees of the Board, the Board’s retirement policy, and the fees and retainers paid as remuneration for service on the Board and the committees of the company. In addition, there is discussion of the company’s auditors and stockholder proposals, as well as executive compensation.

This volunteered information is particularly useful to security holders who do not attend the meeting. It also has the advantage of providing answers before the meeting to questions that are usually raised by stockholders at annual meetings.

It is predicated that a great many other companies will provide similar data in their proxy statement in future years. The pertinent sections of the United States Steel and General Motors proxy statements are attached as appendix D.

ANNUAL REPORT

The annual report which must be furnished to security holders at least at the same time as the proxy material75 is a company’s most important communication to the security holders and the public as well, and its contents can be the basis of numerous questions at annual meetings. It is the principal medium used by management to explain

74. This part of the discussion does not cover the professional solicitors who specialize in personal solicitations of proxies in contests or to insure a good representation of shares at the meeting and who must file soliciting material under Rule 14a-6(d). In addition, organizations which are members of the New York Stock Exchange and the American Stock Exchange have special rules related to soliciting proxies. Cf. Rule 450 et seq. N.Y.S.E. Co. Manual and Sections 720–32 of The American Stock Exchange Co. Guide. See also Proxy Rule 14a–3.

75. Rule 14a–3.
the results of the company's operation and, in many cases, the vehicle for expressing its position and accomplishments on many issues: pollution abatement, equal employment opportunity, product and occupational safety, support of community needs, business ethics, and other appropriate matters. It represents at least in many companies thousands of dollars in printing and mailing costs and numberless hours of employee and management time.\(^7^6\) Since it is the principal account of the stewardships of management, it should be meaningful and informative.

In accordance with amendments to the proxy rules in late 1974, the information that must be included in the annual report now includes certified financial statements for the last two fiscal years; a breakdown of the lines of business for the last five fiscal years; information about the principal occupation, employment and business of each director and executive officer; and the principal market for the company's voting securities. The report also must state the market prices and dividends paid for such securities during the past two years. If the Form 10–K cross-references to the financial statements in the annual report, the issuer must comply with the requirements of that form and the SEC's accounting rules.\(^7^7\)

Perhaps the most popular of the 1974 amendments to some security holders is the requirement that the annual report or the proxy statement note that the company's annual report on Form 10–K or 12–K will be furnished to them upon request. If copies of the exhibits are requested, they must be supplied upon the payment of a reasonable fee for related expenses.\(^7^8\)

**Supplying Meeting Material to Brokers, Banks, Trustees, Etc.**

The SEC adopted a rule in late 1974 to insure that beneficial owners of securities held in nominee accounts by banks and others

---

76. The cost of printing and the paper for the annual report ranges from forty cents to in excess of one dollar a copy. This amount excludes cost of mailing and the time of employees and management in drafting the report.


78. Id. The Form 10–K usually will state:

Financial Statements.

The consolidated balance sheet as of December 31, 1975 and 1974 and the related consolidated statements of income, stockholders' equity and changes in financial position for the years then ended of the Company and its consolidated subsidiaries and the related report of [name independent accountants] dated February 16, 1976, are incorporated herein by reference to pages _____ through _____ of the Company's 1975 Annual Report to Stockholders.

The additional financial data itemized below should be read in conjunction with the financial statements in such 1975 Annual Report to Stockholders.
would receive the annual meeting material. This rule markedly increased the number of beneficial accounts to which companies are required to furnish meeting material. A company that knows certain securities are held of record by a broker, dealer, bank, voting trustee or their nominees must inquire as to whether the record holder is holding on behalf of one or more beneficial owners and, if so, the number of copies of the proxy material and annual report necessary to supply such material to the beneficial owners. A company must then furnish this meeting material to the record owner and bear the reasonable expenses for its mailing.

The information needed by issuers is determined by mailing so-called “search cards” to the brokers three to four weeks prior to the record date for the meeting. The record owners will by return card state their requirements as to the number of proxy forms and statements, annual reports and other meeting material. Rules for mailing this information to the beneficial owners are specified in the New York Stock Exchange and American Stock Exchange Manuals.

The “Manual for Proxy Solicitation of Stock in Broker’s Names” is a useful guide to check the requirements of the Commission and the Exchange relative to supplying to brokers and banks who have nominee accounts.

REPORTING THE VOTE

Almost all proxies are examined and tabulated prior to the meeting, and the votes for the nominees and “For” and “Against” proposals in the proxy material are known by meeting time. Many proxies and ballots, however, are turned in during the meeting, and it is often impossible to have a final report of the results of the voting at the meeting itself. For this reason, many companies prepare in advance of the meeting a so-called “draft” or preliminary report, which contains all the votes received by proxy before the meeting and generally votes of proxies and ballots representing large numbers of shares turned in on the day of the meeting. Since some shareholders refuse to vote their ballots until after the close of the discussion on a particular proposal, it is difficult to include such votes in a final report at the meeting.

80. Id.
81. Id.
This problem can be solved by including in the chairman's script a statement along the following lines:

**CHAIRMAN:**

"The votes on any proxies or ballots collected during this meeting which are not counted in the report of the inspectors will be included in the summary of the results of the annual meeting in the report for the first quarter, which will be mailed to all shareholders within a few weeks. Will the inspectors please now give their 'preliminary report' on the result of the voting?"

The person who reports the results of the voting then can give a preliminary report as follows:

**INSPECTOR:**

"Each of the management nominees for the Board of Directors received at least ______ votes. ________________, who was nominated at this meeting, received ______ votes.

**CHAIRMAN:**

"I declare that the management nominees have been elected as directors. Now will you give the preliminary report on the vote for the ratification of the auditors?"

**INSPECTOR:**

"On ratification of the auditors, approximately ______ shares were voted 'For' and approximately ______ shares were voted 'Against'."

**CHAIRMAN:**

"I declare that resolution has been carried. Now please give us your preliminary report of the voting on the stockholder proposal on the profit-sharing plan."

**INSPECTOR:**

"On the proposal on the profit-sharing plan, approximately ______ shares were voted 'Against', and ______ shares 'For'. Of the shares voted, approximately ______ percent voted against and ______ percent for. Of the ______ shareholders voting on profit-sharing plans, approximately ______ voted against and ______ voted for."

**CHAIRMAN:**

"I declare that resolution has been carried."
This method of reporting is followed by a number of companies, including RCA Corporation, American Telephone and Telegraph Co., E. I. du Pont de Nemours and Company, Union Carbide Corporation and Colt Industries, Inc.

CONCLUSION

It is not claimed this article discusses all the details of the preparation for the meeting. Omitted, for example, is the basic data book (or books) for the chairman and other members of management. This book, commonly called the "Black Book" contains a vast store of information about the company in contemplation of questions from shareholders.

There are other matters such as the choice of the inspectors — whether they should be employees or independent — the secret ballot, the questionnaire for directors and officers for information for the proxy statement and a host of other tasks that many no doubt include in their pre-meeting schedule of events.

The primary purpose of this article was to concentrate on those matters considered significant with the hope that the burden of others might be lighter. If this goal is met, and the consensus of the shareholders and the media is that the meeting was well organized and conducted, perhaps those responsible for its planning will reap the reward of the accolades of their chairmen. This would indeed be paradise!

INTRODUCTION TO APPENDICES

A detailed schedule for the annual meeting preparation is given in Appendix A.

The guidelines for conducting the annual meeting set forth in Appendices B and C will be especially helpful to those who have long meetings or whose shareholders may monopolize meeting time with irrelevant or repetitious statements. To expedite business without prejudicing shareholders' rights, providing the shareholders attending the meeting with copies of its rules of order is recommended.

In Appendix D are examples of amplified proxy statements. The kind of additional information included is of special interest to security holders.
APPENDIX A

SCHEDULE FOR PREPARATION OF PROXY MATERIAL
FOR MEETING ON MONDAY, APRIL 14, 1975

PRIMARY DATES

12/26  Last day for stockholders' proposals
2/3    Finance Committee considers proxy material
2/17   Board of Directors approves proxy material
2/26   Record date
3/12   Date of proxy material and Annual Report
4/14   Stockholders' Annual Meeting

SCHEDULE FOR PREPARATION FOR 1975 ANNUAL
MEETING — APRIL 14

<table>
<thead>
<tr>
<th>Date</th>
<th>Responsibility</th>
<th>Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>1974</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Orders printing of Proxy form for 1975 annual meeting.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Orders envelopes for mailing annual meeting material.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Retains services of Mailing House that will perform the combination mailing of proxy material with the annual report.</td>
</tr>
<tr>
<td>11/11 Mon.</td>
<td>B</td>
<td>Initiates preparation of drafts, and review by Legal Department of letters and questionnaire forms to be sent 12/2 to Directors, Officers and known Associates.</td>
</tr>
<tr>
<td>11/18 Mon.</td>
<td>B</td>
<td>Sends to F drafts of 12/2 letters and questionnaires.</td>
</tr>
<tr>
<td>12/2 Mon.</td>
<td>F</td>
<td>1. Sends to Directors, Officers, and known &quot;Associates,&quot; if any, letter and questionnaire requesting by 1/2/75 data required for inclusion in annual meeting material. Forwards replies to B as received.</td>
</tr>
<tr>
<td>Date</td>
<td>Responsibility</td>
<td>Item</td>
</tr>
<tr>
<td>----------</td>
<td>----------------</td>
<td>----------------------------------------------------------------------</td>
</tr>
<tr>
<td>12/2 Mon.</td>
<td>B</td>
<td>1. Begins sending to C first drafts of available annual meeting material.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Provides C first estimate of size of Proxy Statement.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Sends to D letter requesting by 1/2/75 data on directors and officers (Chairman, President, Vice Presidents, Secretary and Comptroller), remuneration, pensions, indebtedness and material transactions required for use in annual meeting material.</td>
</tr>
<tr>
<td>12/2 Mon.</td>
<td>C</td>
<td>Orders paper for printing of Proxy Statement subject to finalization 1/7/75.</td>
</tr>
<tr>
<td>12/2 Mon.</td>
<td>Y Committee</td>
<td>Designates individuals to serve as proxies at 1975 meeting of stockholders.</td>
</tr>
<tr>
<td>12/3 Tues.</td>
<td>F</td>
<td>Sends to B Advice of Action naming Company's proxies.</td>
</tr>
<tr>
<td>12/26 Thur.</td>
<td></td>
<td>Last day on which a stockholder may submit a proposal for action at the April 14, 175 annual meeting under SEC Proxy Rule 14a-8(a).</td>
</tr>
<tr>
<td>1/2 Thur.</td>
<td>Chairman, Committee on Audit</td>
<td>Sends to F letter furnishing statement on selection of independent public accountants requested by letter of 12/2/74. (Information received 9/16/74).</td>
</tr>
<tr>
<td>1/2 Thur.</td>
<td>F</td>
<td>Completes sending to B data furnished by Directors, Officers and any “Associates” pursuant to 12/2 letter.</td>
</tr>
<tr>
<td>1/2 Thur.</td>
<td>A</td>
<td>Sends to B list of stock holdings of Directors and Officers as of 12/31/74.</td>
</tr>
<tr>
<td>1/2 Thur.</td>
<td>C</td>
<td>Sends to B 24 copies of proof on all preliminary Proxy Statement material (other than the Proxy form) furnished since 12/2.</td>
</tr>
<tr>
<td>1/2 Thur.</td>
<td>B</td>
<td>Sends first proofs of Proxy Statement material (without figure data) to F, A, G (14 sets), and others as needed, for preliminary review.</td>
</tr>
<tr>
<td>1/2 Thur.</td>
<td>B</td>
<td>Arranges for stenographic services of court reporter at annual meeting on 4/14/75.</td>
</tr>
<tr>
<td>1/3 Fri.</td>
<td>B</td>
<td>Sends to F letters and questionnaires for dispatch to any new “Associates” of Directors and Officers.</td>
</tr>
<tr>
<td>1/3 Fri.</td>
<td>F</td>
<td>Sends letters and questionnaire to new “Associates” of Directors and Officers regarding data for annual meeting material requesting reply by 1/8.</td>
</tr>
<tr>
<td>Date</td>
<td>Responsibility</td>
<td>Item</td>
</tr>
<tr>
<td>------------</td>
<td>----------------</td>
<td>----------------------------------------------------------------------</td>
</tr>
<tr>
<td>1/7 Tues.</td>
<td>D</td>
<td>Sends to B preliminary draft of any material Treasurer's Department wishes to include in the Proxy Statement.</td>
</tr>
<tr>
<td>1/7 Tues.</td>
<td>B</td>
<td>Forwards new material received from D to C for composition. Requests 19 sets of proofs by 1/10 a.m.</td>
</tr>
<tr>
<td>1/7 Tues.</td>
<td>B</td>
<td>Gives C (1) copy for setting form of Proxy, (2) final estimate of size of Proxy Statement.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Forwards replies to B.</td>
</tr>
<tr>
<td>1/10 Fri.</td>
<td>C</td>
<td>Sends B 19 sets of proofs from new copy furnished 1/7.</td>
</tr>
<tr>
<td>1/10 Fri.</td>
<td>B</td>
<td>Distributes proofs for comments by 1/14.</td>
</tr>
<tr>
<td>1/10 Fri.</td>
<td>B</td>
<td>Furnishes D information required for Amendment to Registration Statement.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Gives changes to C. Requests 19 sets of new proofs by 1/16.</td>
</tr>
<tr>
<td>1/16 Thur.</td>
<td>C</td>
<td>Gives B 19 sets of proofs from changes supplied 1/14, also three proofs of the Proxy form.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Delivers proof to Proxy supplier.</td>
</tr>
<tr>
<td>1/21 Tues.</td>
<td>D</td>
<td>Sends B remuneration data, etc., (exclusive of Compensation) requested 12/2.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Gives changes to A. Requests 59 sets of proofs, with nominee photographs, for delivery by 1/27 for inclusion in 1/29 report to the &quot;Y&quot; Committee.</td>
</tr>
<tr>
<td>1/27 Mon.</td>
<td>C</td>
<td>Sends to B 59 copies of revised proof of annual meeting material for inclusion in 1/29 report to &quot;Y&quot; Committee.</td>
</tr>
<tr>
<td>1/27 Mon.</td>
<td>B</td>
<td>1. Drafts letter (for F signature) to transmit &quot;preliminary&quot; copies of proxy material to SEC on 2/3.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Distributes copies to F and A for comments by 1/30.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Prepares &quot;marked&quot; copies of proxy material for transmittal to SEC on 2/3.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Issues firm schedule and detailed instruction to Mailing House for combination mailing of proxy in</td>
</tr>
<tr>
<td>Date</td>
<td>Responsibility</td>
<td>Item</td>
</tr>
<tr>
<td>--------</td>
<td>----------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>1/29</td>
<td>F</td>
<td>1. Sends annual meeting material report to &quot;Y&quot; Committee, requesting approval of the material for preliminary filing with SEC.</td>
</tr>
<tr>
<td>Wed.</td>
<td></td>
<td>2. Sends information copies to &quot;X&quot; Committee, Treasurer's and General Counsel (9 copies for distribution in Treasurer's Department), Public Affairs and others as needed.</td>
</tr>
<tr>
<td>1/30</td>
<td>B</td>
<td>1. Prepares letter (for F signature) and &quot;preliminary&quot; proxy material to be delivered to SEC on 2/3.</td>
</tr>
<tr>
<td>Thur.</td>
<td></td>
<td>2. Arranges for messenger to deliver material to SEC and obtain receipt for same 2/3 p.m.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Receives from Proxy supplier light proofs of form prepared from proof furnished 1/16.</td>
</tr>
<tr>
<td>2/3</td>
<td>Y</td>
<td>Approves annual meeting proxy material for preliminary filing with the SEC. (Subsequent changes, if any, necessary after conference with SEC, must have approval by Legal Department, also by Treasurer with respect to any material furnished by Treasurer's Department.)</td>
</tr>
<tr>
<td>Mon.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2/3</td>
<td>F</td>
<td>Delivers (by messenger) letters to SEC with five copies of &quot;preliminary&quot; annual meeting material (Regulation 14A, Rule 14a-6(a)), business reply card receipt, filing fee, request for SEC comments on or before 2/21 and for earlier consideration of form of Proxy. This material will be complete except for Compensation figures due on 2/18.</td>
</tr>
<tr>
<td>Mon.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2/3</td>
<td>B</td>
<td>Sends F preliminary draft of 2/12 letter and report to the Board of Directors. Gives copies to A for comment by 2/5.</td>
</tr>
<tr>
<td>Mon.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2/5</td>
<td>B</td>
<td>Gives C all changes and figure data available for the proxy material. Requests 60 proofs by 2/10.</td>
</tr>
<tr>
<td>Wed.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2/10</td>
<td>C</td>
<td>Sends B 60 copies of revised proof of annual meeting material for inclusion in report dated 2/12 to the Board of Directors. (Copies must be legal the Board of Directors.</td>
</tr>
<tr>
<td>Mon.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2/11</td>
<td>B</td>
<td>Assembles 2/12 letter and report to the Finance Committee and Board of Directors.</td>
</tr>
<tr>
<td>Tues.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2/12</td>
<td>F</td>
<td>1. Sends to &quot;Y&quot; Committee and Board of Directors, in turn, report of the proposed annual meeting material preliminarily approved by the &quot;Y&quot; Committee 2/3, with any subsequent additions and revisions.</td>
</tr>
<tr>
<td>Wed.</td>
<td></td>
<td>2. Sends copies to Treasurer, General Counsel (9 copies for distribution in Treasurer's Department), Public Affairs and others as needed.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DATE</td>
<td>RESPONSIBILITY</td>
<td>ITEM</td>
</tr>
<tr>
<td>-----------</td>
<td>----------------</td>
<td>----------------------------------------------------------------------</td>
</tr>
<tr>
<td>2/14-2/21</td>
<td>Basic Date Book for Management — writeups from various departments sent to Treasurer's Department for review.</td>
<td></td>
</tr>
</tbody>
</table>
| 2/17      | Board of Directors & Y Comm. | Acts on report from F.  
1. Approves annual meeting proxy material, subject to changes, if any, required by SEC and approved by Legal Department, also by Treasurer with respect to any material furnished by Treasurer's Department.  
2. Directs mailing to foregoing material to common stockholders of record at close of business on Wednesday, February 26, 1975.  
3. Appoints Inspectors to conduct vote at Annual Meeting. |
| 2/17      | B | Gives Proxy supplier OK to prepare plates for printing Proxy forms if SEC has approved the form. If not, withholds advice until approval is received. Advises supplier to hold plates awaiting OK to be given 2/24 to print on 2/25.  
1. Advises NYSE by wire that stockholders of record on 2/26/75 will be entitled to vote at Annual Meeting on 4/14/75. (Since Exchange will be closed 2/17, also confirms by telephone at 8:00 a.m. on 2/18.)  
<p>| 2/17      | A | Advises NYSE (by letter) that stockholders of record on 2/26/75 will be entitled to vote at Annual Meeting on 4/14/75. |
| 2/18      | Management | Video, audio, seating, ushering plans and other logistics approved. |
| 2/18      | D | Sends to B Compensation data for inclusion in proxy statement. |
| 2/19      | B | Sends changes to C for final proof of annual meeting material. Requests 23 sets of proofs by 2/21 a.m. |
| 2/21      | B | Sends 23 sets of final proof of Notice of Annual Meeting and Proxy Statement plus one set of proofs of all pages except page 2 (which awaits figure representing shares of record 2/26/75 eligible to vote at the meeting). |
| 2/21      | B | Delivers to F, A, D and others as needed, final proof of Notice and Statement with request for final changes in figure data, if any, by 2/25 a.m. |
| 2/21      | B | Expiration of period for SEC review and comment on the &quot;preliminary&quot; annual meeting material filed 2/3/75. |
| 2/21      | D | Provides B a statement describing changes in accounting principles or practices or methods of applying accounting principles for inclusion in the 3/12 letters transmitting definitive copies of the Annual Report to SEC and NYSE. |</p>
<table>
<thead>
<tr>
<th>Date</th>
<th>Responsibility</th>
<th>Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>2/24</td>
<td>B</td>
<td>Gives supplier OK to begin printing Proxy form on 2/25.</td>
</tr>
<tr>
<td>2/24</td>
<td>B</td>
<td>Drafts transmittal letters for F and D to file definitive copies of the 1974 Annual Report and 1975 proxy material with SEC and NYSE, respectively, on 3/12.</td>
</tr>
<tr>
<td>2/25</td>
<td></td>
<td>Supplier begins printing Proxy forms for delivery on 3/5/75.</td>
</tr>
<tr>
<td>2/25</td>
<td>A, D &amp; F</td>
<td>Send to B final changes, if any, in annual meeting material as requested 2/21.</td>
</tr>
<tr>
<td>2/25</td>
<td>B</td>
<td>Gives C: (1) anticipated &quot;shares eligible to vote&quot; figure for page 2 of Proxy Statement, (2) approval to prepare negatives and plates for all pages except page 2, (3) approval to print &quot;inside signature&quot; pages, (4) instructions to delay printing &quot;outside signature&quot; until &quot;shares entitled to vote&quot; figure is given 2/27 a.m.</td>
</tr>
<tr>
<td>2/26</td>
<td></td>
<td>Record Date for determining holders (and shares) of Common Stock entitled to receive proxy material and to vote at the Annual Meeting.</td>
</tr>
<tr>
<td>2/27</td>
<td>A</td>
<td>Advises B number of Common shares outstanding of record and entitled to vote at Annual Meeting.</td>
</tr>
<tr>
<td>2/27</td>
<td>B</td>
<td>1. Verifies that share holdings of stockholder proposal sponsors, if any, shown in the Proxy Statement, were unchanged as of record closing.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Gives C: (1) &quot;shares eligible to vote&quot; figure for page 2, (2) OK to print &quot;outside signature&quot; pages of annual meeting Notice and Proxy Statement.</td>
</tr>
<tr>
<td>2/27</td>
<td>F</td>
<td>Agenda drafted. Include rules of conduct of the meeting.</td>
</tr>
<tr>
<td>3/5</td>
<td>B</td>
<td>Prepares transmittal letters to SEC and NYSE for F and D, respectively, to file definitive copies of the 1974 Annual Report and proxy material on 3/12. Mark any Proxy Statement changes since &quot;preliminary&quot; filing on one copy for SEC.</td>
</tr>
<tr>
<td>3/5</td>
<td>F</td>
<td>Security plan approved. Agenda and rules of conduct approved.</td>
</tr>
<tr>
<td>3/5</td>
<td>B</td>
<td>Prints Annual Report address labels for Preferred stockholders.</td>
</tr>
<tr>
<td>3/5</td>
<td>G</td>
<td>Video and audio equipment ordered and committed for the meeting.</td>
</tr>
<tr>
<td>3/5</td>
<td>B</td>
<td>Received scheduled delivery of Proxy forms from the supplier.</td>
</tr>
<tr>
<td>3/6</td>
<td>B</td>
<td>1. Completes final computer run to produce tapes for printing (1) Proxies and (2) list of stockholders and shares entitled to vote at 4/14/75 Annual Meeting.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Prints, bursts and prepares Proxies for shipment to mailing house.</td>
</tr>
<tr>
<td>Date</td>
<td>Responsibility</td>
<td>Item</td>
</tr>
<tr>
<td>---------</td>
<td>----------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>3/10</td>
<td>B</td>
<td>Delivers to Mailing House prepared proxies, pre-stamped foreign reply envelopes and Annual Report. Address labels for Preferred stockholders.</td>
</tr>
<tr>
<td>3/10</td>
<td>All members of top management</td>
<td>Meeting with Chairman to review details of Annual Meeting.</td>
</tr>
</tbody>
</table>
| 3/11    | C              | 1. Delivers to Mailing House cards for requesting: (1) Summary of Discussion at Annual Meeting, (2) Ticket of admission.  
<p>| 3/12    | Wed. thru Mon. | Mailing House encloses in two envelopes: (1) Proxy, Admission Request card, Summary request card, reply envelope, (2) Annual Report, Proxy Statement, piggybacks those envelopes, mails quantities completed each day. Processes domestic and foreign stockholders of record first followed by beneficial owners under Thrift Plan. |
| 3/12    | F              | Files 7 definitive copies of Annual Report to shareholders with SEC (Regulation 14A, Rule 14a-3(c)).                                                                                                                                                                 |
|          | D              | Files 4 definitive copies with NYSE (Section A4, A-69).                                                                                                                                                                                                                 |
| 3/12    | F              | Files 8 definitive copies of annual meeting material with SEC (Regulation 14A, Rule 14a-6(c)).                                                                                                                                                                         |
|          | D              | Files 4 definitive copies with NYSE (Section A8, A-132.1).                                                                                                                                                                                                            |
| 3/14    | F              | Sends to General Counsel first draft of “Order of Business” for Annual Meeting.                                                                                                                                                                                          |
| 3/17    | G              | Develop detailed working plan for meeting.                                                                                                                                                                                                                         |
| 3/18    | C              | Sends outline of Business Transacted at the Annual Meeting to ____________________________ for inclusion in proofs of First Quarter Interim Report to stockholders.                                                                 |
| 3/18    | G              | Ushers and attendants selected.                                                                                                                                                                                                                                       |
| 3/18    | G              | Issue work orders for meeting place.                                                                                                                                                                                                                               |
| 3/19    | G              | Distribution of initial draft of Black Book.                                                                                                                                                                                                                      |
| 3/21    | Chairman       | Script draft comments sent to Secretary.                                                                                                                                                                                                                         |</p>
<table>
<thead>
<tr>
<th>Date</th>
<th>Responsibility</th>
<th>Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/21 Fri.</td>
<td>D</td>
<td>Sends to Chairman, President and others initial reports on voting; other reports distributed prior to meeting.</td>
</tr>
<tr>
<td>3/14 Mon.</td>
<td></td>
<td>Final meeting with Chairman and President about details of Annual Meeting.</td>
</tr>
<tr>
<td>4/1</td>
<td>All members of top management</td>
<td>Arrange with _________ to supply a tape of the meeting proceedings to the public stenographer immediately at the conclusion of the meeting.</td>
</tr>
<tr>
<td>4/2</td>
<td>D</td>
<td>Black Book — release additional and replacement pages.</td>
</tr>
<tr>
<td>4/7</td>
<td>F</td>
<td>Sends “Order of Business”, Rules of Conduct and Script for Annual Meeting of 4/14 to Chairman and General Counsel for approval.</td>
</tr>
<tr>
<td>4/7</td>
<td>C</td>
<td>First draft of press release to Chairman.</td>
</tr>
<tr>
<td>4/7</td>
<td>G</td>
<td>Stage set and lighting installed.</td>
</tr>
<tr>
<td>4/8</td>
<td>G</td>
<td>Audio equipment installed.</td>
</tr>
<tr>
<td>4/8</td>
<td></td>
<td>First management inspection of meeting site.</td>
</tr>
<tr>
<td>4/9</td>
<td>G</td>
<td>Briefing meeting for ushers and attendants.</td>
</tr>
<tr>
<td>4/14</td>
<td></td>
<td>Stockholders' Annual Meeting at 12:00 noon.</td>
</tr>
<tr>
<td>4/14</td>
<td>E</td>
<td>Sends to F the Business Transacted at the Annual Meeting portion of March Quarterly Statement Proof.</td>
</tr>
<tr>
<td>4/15 Tues.</td>
<td>F</td>
<td>Returns proof of Business Transacted at the Annual Meeting to E with figures and any changes inserted.</td>
</tr>
<tr>
<td>4/17 Thur.</td>
<td>Chairman</td>
<td>Post meeting review in Chairman's office.</td>
</tr>
<tr>
<td>4/21 Mon.</td>
<td>E</td>
<td>Prepares a summary of discussion as soon as court reporter's transcript is received.</td>
</tr>
<tr>
<td>4/21</td>
<td></td>
<td>Board Meeting at which, among other things, results of meeting are given.</td>
</tr>
<tr>
<td>4/24 Thur. p.m.</td>
<td>F</td>
<td>Advises E by phone of changes, if any.</td>
</tr>
<tr>
<td>4/25</td>
<td></td>
<td>First draft of Summary of Meeting.</td>
</tr>
<tr>
<td>4/28</td>
<td></td>
<td>First Quarterly Report mailed.</td>
</tr>
<tr>
<td>5/1 Thur.</td>
<td>E</td>
<td>Sends to F draft of “Summary of Discussion” and cover letter.</td>
</tr>
<tr>
<td>5/26</td>
<td>A</td>
<td>Begin mailing printed copies of “Summary of Discussion” requested by stockholders.</td>
</tr>
</tbody>
</table>
APPENDIX B

E. I. duPONT deNEMOURS AND COMPANY

THE ANNUAL STOCKHOLDERS' MEETING
(April 12, 1976)

Agenda

1. Call to Order
2. Chairman's Report on the State of the Business
3. Election of Directors
4. Management Proposal on Independent Accountants
5. Stockholder Proposal on Outside Law Firms
6. Stockholder Proposal on Pension and Retirement Plan
7. Stockholder Proposal on Proxies
8. Inspectors' Report
9. Discussion of Annual Report
10. Adjournment

Conduct of Meeting

In fairness to all stockholders attending the 1976 Annual Meeting and in the interest of an orderly meeting, we ask you to honor the following rules of procedure:

1. At the appropriate time, any stockholder who wishes to address the meeting should go to the nearest microphone in the Theatre and, upon recognition by the Chairman, state her or his name and status as a stockholder. Any stockholder in either the Ballroom or the Du Barry Room who wishes to address the meeting will be escorted by an usher to the Playhouse.

2. The business of the Meeting will be taken up as set forth in the Agenda. When an item on the Agenda is before the Meeting for consideration, questions and comments should be confined to that item.

3. If a stockholder has a question or comment not related to an Agenda item, an opportunity will be provided to present proper questions and comments during the "Discussion of Annual Report", which is Item 9 on the Agenda.

4. Please confine comments to one subject at a time in order to give other stockholders an opportunity to comment on that subject before you ask for recognition on another subject. If your views differ from a statement by one of the speakers, please permit the speaker the courtesy to conclude her or his remarks without interruption.
5. The proponent of each proposal in the proxy statement will be allowed ten minutes to make a statement in support of the resolution and two stockholders will be permitted five minutes each to make statements seconding the resolution. A similar opportunity will then be given to those who have opposing views. Thereafter, stockholders will have an opportunity to state any new considerations relevant to the proposal. At other times during the meeting, stockholders will be allowed five minutes for questions and answers each time they are recognized by the Chairman.

6. If there are any matters of individual concern to you as a stockholder, such as with a product, please take them up after the meeting. There will be representatives of the Company here who will respond to questions.

7. The views, constructive comments and criticism of the stockholders are welcome, but the purposes of the meeting will be observed and the Chairman will stop discussions that:
   - are irrelevant to the business of the Company,
   - are proposals which are related to the conduct of the Company's ordinary business operations,
   - are proposals which are subject to collective bargaining at an employment site between local management and the bargaining agent where employees are represented,
   - are derogatory references to personalities or otherwise are not in good taste,
   - are unduly prolonged, or
   - are in substance repetitious of statements made by other persons.

EXXON CORPORATION

Order of Business

93rd Annual Meeting of Shareholders
New Orleans, Louisiana — May 15, 1975

1975 Annual Meeting of Shareholders

Order of Business

Opening of Meeting and Chairman's Report — J. K. Jamieson, Chairman.
Discussion of Report — 30 minutes — Questions and comments from shareholders.
Election of Directors — Discussion and Balloting.
Ratification of Appointment of Independent Public Accountants — Discussion and Balloting.
Shareholder resolution concerning political contributions — Discussion and Balloting.
Shareholder resolution concerning future stock option plans — Discussion and Balloting.
Shareholder resolution concerning the nomination of non-employee directors — Discussion and Balloting.
Shareholder resolution concerning the 1973 Incentive Program — Discussion and Balloting.
General Discussion — Questions and comments from shareholders.
Adjournment of Meeting.

Discussion
Discussion will follow the order of business. The Chair will recognize shareholders who wish to ask questions relating to matters on the agenda as each item is raised during the meeting. Questions relating to the Corporation and its operations may then be asked during the general discussion period.
If you wish to speak, please stand. A microphone will be handed to you at your place. The usher in your section will help you to gain recognition.

Balloting
A ballot for the items on the meeting agenda is enclosed. If you have already sent in your proxy or plan to hand it in during the meeting, you need not vote by ballot.
However, if you have not voted your proxy or if you wish to change your vote, you should use a ballot. The Chair will give you further instructions on its use.

GENERAL MOTORS CORPORATION
ANNUAL MEETING OF STOCKHOLDERS
1:00 p.m., Fisher Building, Detroit, Michigan
May 23, 1975
ORDER OF BUSINESS
Part I
Management Report to Stockholders on the Business of the Corporation
A. Meeting Called to Order.
B. Introduction of Director Nominees.
C. Approval of Minutes of 1974 Annual Meeting.
D. Chairman's Statement.
E. Questions from Floor Relating to the Business of the Corporation.
Part II

_Election of Directors and Action Upon Proposals_

Items Submitted by Board of Directors.

1. Election of Directors.
2. Ratify Selection of Accountants.

Items Submitted by Stockholders.

3. Affirm the Political Nonpartisanship of the Corporation.
4. Provide for Cumulative Voting in Election of Directors.
5. Establish Stockholder Committee for Corporate Responsibility.
7. Modify the General Motors Incentive Program.

Part III

_Other Matters_

A. Other Business.
B. Adjournment.

_Conduct of Meeting_

It is our sincere desire to conduct a meaningful and constructive Annual Meeting. Your cooperation in observing the following general guidelines will be greatly appreciated.

1. In order to conduct the meeting in an orderly fashion, we will follow the Order of Business as indicated on the opposite side of this page.
2. All questions and comments should be directed to the Chairman and no one may address the meeting until he or she is recognized by the Chairman. Please do not interrupt others, be as brief as possible, and avoid derogatory remarks.
3. Each person who wishes to address the meeting should go to the nearest microphone and notify the attendant there. Please give the attendant your name and address, state whether you are a stockholder of record or a proxy holder, and indicate the subject of your question or comment.
4. Personal matters such as employe relations or product complaints are not appropriate matters for general discussion. At the conclusion of this meeting, representatives of management will be available to discuss such personal matters.
5. We welcome your questions and comments. To help assure that all who desire will have a reasonable opportunity to participate in the meeting, the following time limits will apply.
Order of Business Items | Time Limits Per Speaker
---|---
Part I | 2 minutes per turn*
Questions on the Business | (Limited to one hour in total)
Part II | 5 minutes
Board of Directors Items | 10 minutes
Stockholder Proposals:
1. Introduction of proposal | 5 minutes
2. Comments or questions | 2 minutes
3. Closing statement
Part III | 2 minutes per turn*
Questions on the Business
---|---
* Additional turns will be permitted after others have been given an opportunity to speak.

IBM

Annual Meeting of Stockholders
April 28, 1975
Pittsburgh, Pennsylvania

Agenda

1. Call to order and introductory remarks by the Chairman
2. Introduction of IBM directors
3. Notice of Meeting and report on a quorum
4. Report on the company
5. Questions concerning the report and company operations (30 minutes)
6. Introduction of items of business specified in the notice of meeting
   - election of directors
   - ratification of appointment of auditors
   - additional shares for Employees Stock Purchase Plan
   - new Stock Option Plan
   - Amendment of IBM Variable Compensation Plan
   - Stockholder proposals on
     - political contributions
     - cumulative voting
     - South Africa
7. Questions on items of business
8. Voting
   (Note: Ballots will be distributed to those who wish them. Stockholders who have mailed or turned in their proxy should not vote unless they wish to change their proxy vote.)
9. Additional question period on company operations
10. Adjournment

Note: Stockholders are asked to hold questions until the appropriate question period. In order that all will have an opportunity to be heard, each stockholder will be allowed one question before giving the floor to another stockholder. Then, after others have had an opportunity to speak, the Chairman will return to stockholders who have additional questions.

UNITED STATES STEEL CORPORATION
74TH ANNUAL STOCKHOLDERS’ MEETING
San Francisco, California
May 5, 1975

Procedure

The business of the meeting will be taken up as set forth in the Order of Business.

At those points in the proceedings for questions or discussion, the chairman will recognize for a reasonable period each stockholder who wishes to comment or ask a question on the subject then being considered.

If and when you desire to ask a question or be heard by the chairman, please so indicate to the microphone attendant located nearest you. He will hold up his numbered banner for recognition by the chairman. When the chairman recognizes you by number, a microphone will be handed to you and turned on.

Upon being recognized, you should first state your name and the city of your residence.

Please confine your comments to one subject, giving others the opportunity to comment before again asking for recognition.

Order of Business

(Edgar B. Speer, Chairman of Board of Directors, Presiding)
1. Opening of Meeting; Call to order; Announcements by the Chairman and Secretary; Introduction of Directors and Officers
2. Statement by the Chairman
3. General Discussion; Stockholder questions and comments on affairs of the Corporation
4. Election of Directors and Independent Auditors; Nominations; Discussion; Balloting
5. Stockholder Proposal Relating to Future Stock Option Plans; Presentation of resolution; Discussion; Balloting.
6. Stockholder Proposal Relating to a Retirement Policy for Certain Directors; Presentation of resolution; Discussion; Balloting
7. Report of Inspectors of Election
8. Closing Announcements
9. Adjournment
This report summarizes the responses to a questionnaire to nineteen companies, all of whom responded. The list of the responding companies is in Appendix "A". A summary of the answers follows:

**Time Restrictions on Stockholders**

Fifteen of the responding companies have no specified limit on the time allowed a stockholder who speaks to the meeting. However, some companies with no specified limitation have certain rules:

- CBS leaves this question to the Chairman's discretion;
- Exxon requires brevity and relevance; and
- G.E. once limited discussions to two minutes for each stockholder when the Chairman observed that more than ten persons were waiting to speak.

The four companies which specifically restricted the time of the speakers have the following limits:

<table>
<thead>
<tr>
<th>Company</th>
<th>Proprietor of Proposal In Proxy Material</th>
<th>Other Shareholder on Same Proposal</th>
<th>During General Discussion</th>
</tr>
</thead>
<tbody>
<tr>
<td>AT&amp;T</td>
<td>5 minutes*</td>
<td>5 minutes*</td>
<td>5 minutes*</td>
</tr>
<tr>
<td>Con. Edison</td>
<td>5 minutes</td>
<td>5 minutes</td>
<td>5 minutes</td>
</tr>
<tr>
<td>General Motors</td>
<td>10 minutes</td>
<td>5 minutes</td>
<td>2 minutes</td>
</tr>
<tr>
<td>Union Carbide</td>
<td>5 minutes</td>
<td>3 minutes</td>
<td>2 minutes</td>
</tr>
</tbody>
</table>

* (In the preliminary one hour general discussion each shareholder is limited to two minutes.)

**Number of Times a Proponent Can Speak**

Sixteen of the companies have no formal limit on the number of times a proponent can speak on her or his proposal. Two of these companies responded that they leave this matter to the Chairman's discretion and Union Carbide's Chairman recognizes other stockholders before recognizing the proponent a second time.

Three companies have the following limits:

<table>
<thead>
<tr>
<th>Company</th>
<th>Number of Times</th>
<th>Time Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Motors</td>
<td>Twice</td>
<td>First — 10 minutes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Second — 2 minutes</td>
</tr>
<tr>
<td>ITT</td>
<td>Twice</td>
<td>None</td>
</tr>
<tr>
<td>RCA</td>
<td>Once</td>
<td>None</td>
</tr>
</tbody>
</table>
Time Clocks

Of the four companies which limit the time any stockholder can address the meeting, AT&T, Consolidated Edison and Union Carbide use time clocks which are visible to all the shareholders. General Motors, in contrast, provides a timer for the Chairman which cannot be seen by the stockholders.

Limit on Number of Persons for Proponent Groups

Fifteen companies have no limit on the number of speakers from each proponent group. Four have the following limits:

- Exxon — Exxon's procedure has been to meet with each group prior to the meeting and designate a spokesman — Exxon allows a maximum of four, but tries to keep the number to one or two.
- General Motors — Limits the number to one from each proponent group and the stockholder is restricted to ten minutes to present the proposal and two minutes for closing.
- IBM — As to future meeting, only two stockholders will be allowed from each proponent group.
- ITT — Limits the numbers to two.

Limit on Number of Questions

Four companies specifically limit the number of questions a stockholder can ask at any one time at the microphone. One company, CBS, said this matter is in the Chairman's discretion and, of course, those companies — AT&T, Con. Ed. and Union Carbide — which limit the stockholder's time, have an effective limit on the number of questions. Those which have limitations are as follows:

- Chrysler — Chairman has limited to a certain number.
- Con. Ed. — Chairman has limited number of questions in fairness to other stockholder speakers.
- IBM — One question each time.
- Warner-Lambert — Two questions each time.

Limit on Shareholder Appearance

None of the companies have a formalized rule limiting the number of times a shareholder may address the meeting. However, Union Carbide makes an effort to recognize all other stockholders who wish to speak prior to permitting a stockholder to speak again.

Rules for Meeting

Five companies have rules of conduct distributed in advance of the meeting:

- Exxon
- General Motors
IBM
ITT and
U.S. Steel.
Copies of these and DuPont's "rules for the meeting" are attached.

*Union Representation at Meetings*

Seven of the companies, as best as they can ascertain, have not had union representatives at any of their meetings.

The following companies which had union representatives at their meetings did not allow discussion on matters subject to collective bargaining:

- AT&T
- General Motors
- ITT
- RCA and
- U.S. Steel

The following companies allowed union stockholders to speak on matters subject to collective bargaining:

- Chrysler
- G.E.
- Merck
- Texaco and
- Warner-Lambert

Two of the companies — Union Carbide and Mobile — had union stockholders at their meeting, but they did not discuss matters which were subject to collective bargaining.

---

**APPENDIX "A"**

1. American Telephone & Telegraph
2. CBS, Inc.
3. Celanese Corporation
4. Chrysler Corporation
5. Consolidated Edison Company of New York, Inc.
6. Exxon Corporation
7. General Electric Company
8. General Motors Corporation
9. International Business Machines Corporation
10. International Telephone and Telegraph Corporation
11. Manning, Selvage & Lee*
12. Merck & Co., Inc.
13. Mobil Oil Corporation
14. RCA Corporation
APPENDIX D

EXCERPT FROM UNITED STATES STEEL CORPORATION PROXY STATEMENT FOR THE 1976 MEETING

GENERAL INFORMATION FOR STOCKHOLDERS
(Not Part of Proxy Statement)

Directors

The business of the Corporation is under the general management of a Board of Directors as provided by the laws of Delaware, the state of incorporation. There are presently 18 directors, one of whom, Roger M. Blough, is retiring on May 3, 1976. Of the 17 nominees for election at the annual meeting of stockholders, four are current officers of the Corporation, two are retired officers and eleven have had top executive experience with a wide variety of businesses non-competitive with the business of the Corporation.

The Board of Directors meets regularly each month and the Executive Committee, presently composed of 12 directors, meets regularly at least five times a year. The Committee on Financial Policy, presently composed of 10 directors, meets regularly at least four times a year. In addition, certain directors serve on one or more other Board committees, including the Audit Committee, the Compensation Committee and the Committee on Employee Benefits. These directors spend considerable time in attending Board and Committee meetings and in preparing for them. Attendance at Board and Committee meetings averaged 89% in 1975.

Directors are selected on the basis of their broad knowledge and experience, both in industry and in society in general. A special committee of the Board, composed of non-employee directors, studies from time to time the composition of the Board and endeavors to locate candidates for Board membership whose background indicates that they can bring to U.S. Steel a diversity of points of view. Living and being active in various regions which are often areas near the locations of U.S. Steel's important
operations, "outside" directors have close contacts with the views of industrial and civic leaders and citizens across the Continent.

Under the retirement policy for members of the Board, no director stands for re-election at the annual meeting following his attaining age 72.

Employee directors of the Corporation receive no fees or remuneration, as such, for service as a member of the Board or any Board committee. The By-Laws of the Corporation provide that each director of the Corporation who is not an employee shall receive such allowances and attendance fees as the Board may from time to time determine. The Board has determined that non-employee directors shall receive an annual retainer of $12,000 plus a fee of $600 for each Board or Committee meeting attended.

**Auditors**

Price Waterhouse & Co. has served as independent auditors of U.S. Steel and its subsidiaries since the Corporation was first formed in 1901. It is believed that the knowledge of the Corporation's business and its problems gained through this period of service is very valuable. Partners and employees of the firm who work on the U.S. Steel account are periodically changed, thus giving U.S. Steel the benefit of new thinking and approaches in the audit area.

**Stockholder Proposals**

There are certain matters required by law, U.S. Steel's By-Laws or policy to be considered at the annual meeting of stockholders. Examples of these are the election of directors and independent auditors and management proposals concerning certain compensation, stock option or other employee plans and changes in the Certificate of Incorporation. In addition, the stockholders are usually asked to take action upon one or more stockholder proposals.

The Board of Directors carefully considers stockholder proposals and suggestions. Examples of stockholder proposals or suggestion which are now in effect include holding the annual meeting at different locations throughout the country, annual election of directors, comprehensive reporting to the stockholders of what takes place at the annual meeting and the provision in the Incentive Compensation Plan approved by the stockholders in 1974 that it be resubmitted to the stockholders every five years.

The stockholder proposals which appear in this proxy statement are ones with which the Board disagrees, in whole or in part, and thus feels it must oppose in carrying out its obligations to represent the best interests of the stockholders as a whole.

**Executive Compensation**

As required by the Proxy Rules of the Securities and Exchange Commission, the table on page 20 of the Proxy Statement shows remuneration paid by U.S. Steel to each director who received payments in excess of
$40,000 for 1975 and salaries, fees and incentive compensation paid for 1975 to 62 directors and officers as a group.

In a corporation of U.S. Steel's size and diversity, there must be many levels of management responsibility ranging from front-line supervision to top management. The compensation of any individual executive must be considered not only in connection with the executive's responsibilities, obligations and performance but also in connection with the maintenance of an equitable, competitive and productive compensation structure throughout the organization.

Dividends

The Board considers the matter of a dividend each quarter, at the regular meetings held in January, April, July and October. Each time a dividend is declared, the directors take into account a number of factors, including U.S. Steel's current earnings and future earnings prospects, the need for capital investment for modernization and expansion of facilities and the interests of the stockholders in the return on their investment in U.S. Steel stock. Since the December 10, 1974 dividend payment of 40 cents per share, there have been three increases: to 50 cents per share with the March 9, 1974 payment, to 60 cents per share with the September 10, 1974 payment and to 70 cents per share with the March 10, 1975 payment.

EXEMPLARY FROM GENERAL MOTORS PROXY STATEMENT FOR 1976 ANNUAL MEETING

GENERAL INFORMATION TO STOCKHOLDERS

Proxy Procedure

Inasmuch as many of our stockholders are unable personally to attend the annual meeting, the Board of Directors solicits proxies so that each stockholder is given an opportunity to vote. These proxies enable stockholders to vote on all matters which are scheduled to come before the meeting. When proxies are returned properly executed, the shares represented thereby will be voted by the Proxy Committee in accordance with the stockholders' directions. Stockholders are urged to specify their choices by marking the appropriate boxes on the enclosed proxy card; if no choice has been specified, the shares will be voted as recommended by the Board of Directors. A stockholder who attends the meeting may vote by ballot at the meeting, thereby cancelling any proxy the stockholder may have previously given.

The Proxy Committee is composed of four directors of the Corporation who will vote all shares of common stock represented by the proxies. Proxy cards also confer upon the Proxy Committee discretionary authority
to vote the shares represented thereby on any matter which was not known at the time this Proxy Statement went to press but may properly be presented for action at the meeting.

**Proxy Statement Proposals**

At the annual meeting each year the Board of Directors submits to stockholders the nominees of the Board for election as directors. In addition, the By-Laws of the Corporation require that the selection of accountants by the Audit Committee of the Board of Directors shall be submitted for stockholder ratification or rejection at each annual meeting. The Board of Directors may also submit other matters to the stockholders for action at the annual meeting.

In addition to such matters presented by the Board of Directors, the stockholders are usually asked to take action at the annual meeting upon one or more stockholder proposals. Each year some stockholders have written and inquired as to why the Board of Directors always opposes these proposals.

The Board of Directors does not disagree with all stockholder proposals submitted to the Corporation. When the Board agrees that a stockholder proposal is consistent with the best interests of the Corporation and can and should be implemented without stockholder approval, it is usually unnecessary to include such suggestion in the Proxy Statement for action by the stockholders. Thus, the proposals which appear in the Proxy Statement are those proposals with which the Board of Directors disagrees and which it believes it must oppose in fulfilling its obligations to represent and safeguard the best interests of stockholders as a whole.

Over the years, the Corporation has adopted a number of stockholder proposals and other suggestions including, by way of example, the requirement that any bonus plan and any stock option plan be presented for action at a stockholders' meeting at least once in every five years, the annual submission for stockholder action of the selection of accountants by the Audit Committee, the change in the order of business of the annual meeting to afford stockholders an opportunity early in the meeting to ask questions concerning the business of the Corporation, and inclusion of the schedule of fees paid to the Corporation's non-employe directors, as shown below in this General Information section. This year the Corporation, in connection with a stockholder proposal, has included the ages of the nominees for directors in the section of this Proxy Statement entitled "Information About Nominees for Directors" commencing on page 2. Other proposals and suggestions have been received in relation to matters which were already under study or in the process of implementation by the Corporation, such as the Dividend Reinvestment Plan and the Public Policy Committee. Another example was the 1975 amendment to the Dividend Reinvestment Plan which provided stockholders the opportunity to make
optional cash payments to purchase additional shares of General Motors common stock.

**Directors**

The Board of Directors meets regularly each month and is presently comprised of 23 members, each of whom is standing for reelection. In addition to the current members, the Board has proposed a new nominee, Mr. John D. deButts, for election. If all 24 nominees for directors are elected by the stockholders at the annual meeting in May, the composition of the Board will then include 15 directors whose principal occupation or employment is outside General Motors, two directors who are retired Chairmen of General Motors and seven directors who are current officers of the Corporation. Average attendance at regular meetings of the Board during 1975 was 94%.

In addition to membership on the Board, non-employe directors also served on one or more of five standing committees of the Board in 1975, covering a total of 31 memberships. These directors spend a considerable amount of time preparing for the Board and Committee meetings attended by them.

**Basis for Selection of Directors**

In March 1972, General Motors established a Nominating Committee whose responsibility is to conduct continuing studies of the size and composition of the Board of Directors and, from time to time, to make recommendations as to candidates for membership on the Board of Directors.

Among the qualifications considered in the selection of candidates are a broad experience in business, finance, or administration; familiarity with national and international business matters; and an appreciation of the relationship that a large industrial corporation must maintain with the changing needs of society. Since prominence and reputation in a particular profession or field of endeavor are what bring most persons to the Board's attention, there is the further consideration of whether the individual has the time available to devote to the work of the Board of Directors and one or more of five standing committees.

In addition, an extensive review is made of the activities and associations of each candidate to ensure that there is no legal impediment, conflict of interest, or other consideration which might prevent service on the Board of Directors. In making its selection of the candidates for directors, the Board of Directors continually bears in mind that the foremost responsibility of a GM director is to represent the interests of stockholders as a whole.

If a stockholder is not in agreement with the Board's recommendations and wishes to withhold his vote for a particular director nominee designated in the Proxy Statement, he need only indicate that fact on the
proxy card or in a note returned with the proxy and his instructions will be observed by the Proxy Committee.

**Director Compensation**

Outside or non-employe directors of the Corporation are not eligible to participate in the incentive program (Bonus Plan and Stock Option Plan), Savings-Stock Purchase Program or the Retirement Program. Non-employe directors who are retired officers of the Corporation receive benefits under the Retirement Program and are eligible to receive any remaining instalments under the incentive program in the same manner as any retired bonus participant.

Employe directors of the Corporation are not paid any fees or remuneration, as such, for service as a member of the Board or on any Board Committee.

Fees for individual non-employe directors consist of an annual retainer of $10,000 for Board service and an attendance fee of $250 for each Board meeting attended. In addition, individual non-employe directors receive an annual retainer for service on a standing Committee of the Board as follows: Finance ($15,000), Bonus and Salary ($10,000), Public Policy ($8,000), Audit ($7,000) and Nominating ($7,000). The fee of the Chairman of each Committee is $1,000 higher except in the case of the Finance Committee whose Chairman is Chairman of the Board, an employe director who receives no fees for Board or Committee service.

Under the Securities and Exchange Commission Proxy Rules, the annual remuneration paid to any individual director need not be disclosed unless it exceeds $40,000. The Corporation has established a maximum total remuneration for each non-employe director which is less than that amount, notwithstanding the number of standing committees on which he or she serves.